PACE

1997 Operating and Capital Program
1997-1999 Financial Plan for Operations
1997-2001 Capital Plan and Portfolio Plan Summary

Proposed October 1996

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Dear Riders, Interested Citizens, and Public Officials:

At the risk of sounding like a broken record, my budget message for 1997 has a familiar ring—there is not enough money. The RTA has informed us they intend to provide Pace a 1.3% increase in funding for 1997 which amounts to less than a million dollars. This marks the third year in a row when RTA financial support has fallen seriously short of maintaining stable operations. As in the past, we are going to squeeze every economy from our operation while still providing quality service to the public. Pace is already the most cost-efficient transit agency among its national peer group of suburban operators—no small feat. Can we become more efficient—certainly. Can we provide $1.2 million in expanded service to the disabled as mandated by the Americans with Disabilities Act (ADA) and maintain over $100 million in existing services with $.8 million in additional funds—certainly not.

What we can do, however, is proactively address the RTA funding constraints and seek to minimize the negative impact they could have on ridership. I believe this proposed budget for 1997 does just that. By balancing a combination of cost containment, service and fare adjustments, we have been able to close the $3.4 million gap between our 1997 budget proposal to RTA and their recommended appropriation.

Achieving these measures will not be easy. In order to help finance the $1.2 million expansion of ADA paratransit service, we will need to raise the ADA paratransit fare to $2.00. Also, we will need to eliminate some marginally performing fixed-route services. Further, we have frozen many budget areas and will limit subsidy growth for contracted paratransit and fixed-route services to the 1.3% growth allowed by RTA. The challenge of this budget proposal is to reduce, as much as possible, the negative impact of these actions on our services.

On the bright side—yes there is one—is the fact that Pace has been extremely successful in obtaining special Federal grants (CMAQ) to implement new services. Our 1997 budget reflects significant growth in this program which was launched this fall with the implementation of complementary bus service along Metra's new North Central Line. Additional CMAQ routes are being put in place to meet the needs of the growing reverse commute and suburban commute markets. These new routes are expected to fuel our ridership growth for 1997 and contribute to an all-time high in operating income generated.

Also on a positive note is the funding flexibility now available for the maintenance program. The Federal government will now allow transit agencies to use capital funding for a portion of their maintenance expense. While this does increase funding flexibility, it does not create new money. So it is with great caution that we will apply $1.0 million of capital funds to our 1997 maintenance program. As you will see in our long range capital plan, Pace faces an extremely serious capital shortfall when our major fleet retirement cycle begins in 1999. Therefore, our use of capital funds for maintenance may be considered a short-term solution to our immediate problem for 1997.

Please take some time to carefully review our budget document, the issues identified, and the performance of our programs. We welcome your input and comment. A series of public hearings have been scheduled so we can hear from you. Details are included in the document.

Sincerely,

Florence Boone

Florence Boone
Chairman

Florence Boone
Chairman

Board of Directors

James G Bilder	Southwest Suburban Cook County
James C Harris	South Suburban Cook County
James R Jimenez	Will County
Betty Loren-Maltese	West Central Suburban Cook County
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Vacant	Northwest Suburban Cook County

Joseph DiJohn
Executive Director

The 1997 operating and capital program and budget contained in this document is summarized as follows

The 1997 operating expense totals $110 3 million This cost will be covered by $39 5 million in operating revenue, $67 3 million in RTA operating subsidies and $3 5 million in Federal and Pace funds

RTA's funding level of $67 3 million is $3 4 million less than proposed by Pace for 1997 This is due to a shortfall in RTA sales taxes and a reduction in RTA discretionary funding RTA funding to Pace for 1997 will increase by only $ 8 million or 1 3% from the 1996 level This limited increase in funding does not address Pace's need to expand ADA paratransit service by $1 2 million in accordance with Federal mandates As a result, Pace faces a serious situation for 1997—the need to expand services as required by the Americans with Disabilities Act (ADA) and the need to support current service levels without sufficient resources to do so In order to balance the budget with available resources while still achieving compliance with our ADA requirements, Pace proposes to close the $3 4 million funding gap as follows $ 5 million is being trimmed from labor costs, $1 2 million is being achieved by freezing non-labor costs, $ 2 million is being saved by limiting subsidies to paratransit and public fixed route contractors to 1 3% growth, $ 3 million in service reductions are planned for low productivity services, and $ 2 million will be gained from a fare increase for ADA paratransit (from $1 50 to $2 00). Lastly, Pace will take advantage of a change in Federal funding regulations which allows transit agencies to receive capital funding for their maintenance programs Pace will use $1 0 million from this source to close the budget gap

TABLE 1. 1997 OPERATING BUDGET SUMMARY (000'S)

		1997 Budget
Total Operating Expense		$ 110,347
Less System Generated Revenue		39,467
Funding Requirement		$ 70 880
Less	RTA Funding for Operations	$ 67,337
	Capital Funding for Maintenance	1 020
	Federal CMAQ Funding	2,283
	Other Federal Funding	88
	Pace Fund Balance	152
Surplus/(Deficit)		$ 0

The 1997 capital program totals $28 6 million for the existing Pace system The Regional Transportation Authority (RTA), the Federal Transit Administration (FTA), the Federal Highway Administration (FHWA), and the Illinois Department of Transportation (IDOT) are expected to provide $28.3 million while Pace will commit $.3 million from its own funds.

The program contains $10 0 million for the replacement of 23 fixed route buses, 32 replacement paratransit buses, and 111 vanpool vehicles.

Major facilities projects totalling $10.4 million are included in the 1997 program Highlights include construction of a new administrative headquarters facility and improvements to garage facilities.

In addition, $8 2 million is programmed for signs/shelters, passenger amenities, maintenance equipment, office equipment, computer equipment, major vehicle components, and contingencies/project administration.

Lastly, Pace will apply for Federal (FHWA) funding in the amount of $500,000 to support its Transit Vehicle Management System (TVMS) and other passenger information aids.

TABLE 2. 1997 CAPITAL PROGRAM (000'S)

	Amount
Rolling Stock	$ 9,992
Support Facilities	10,393
Support Equipment	6,940
Contingencies/Project Administration	1,265
Grand Total	$ 28,590

The Pace operating and capital program for 1997 represents the thirteenth annual program for the Suburban Bus Division of the RTA. Created by amendment to the RTA Act in November of 1983, the Suburban Bus Division (Pace) is charged with administering and providing for all non-rail mass transit services in suburban Cook*, DuPage, Kane, Lake, McHenry and Will Counties.

Pace is governed by a twelve member Board of Directors made up of current and former suburban village presidents and city mayors. The preceding section titled "Board of Directors" identifies the members of the Pace Board and the areas that they represent. Florence Boone, former village president of Glencoe, has chaired the Board since the agency's inception in 1984.

Pace is required under the Regional Transportation Authority Act (as amended) to prepare, distribute for public hearing, and adopt an annual program and budget consistent with RTA mandates. The final program and budget must provide for a level of fares and services in balance with available funding and achieve compliance with RTA established revenue and recovery levels. A complete description of the budget process and requirements is contained in Appendix B of this document.

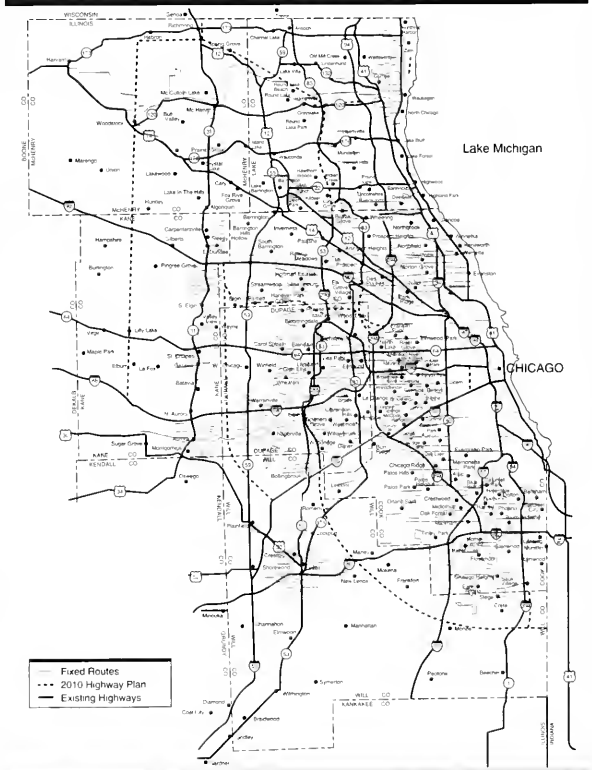
The information presented in the following document attempts to present a comprehensive discussion of issues affecting Pace for 1997 and outlying future years, and how these issues have been addressed in the upcoming operating and capital programs. This document begins with an overview of the current Pace system, highlighting characteristics of the system, an identification of Pace's infrastructure, and important information on the Pace system fare structure. A new section this year, titled "Strategic Planning," includes an update to Pace's long range strategic plan. In addition, this section also details an overview of Pace's Mission-Vision statement and will also highlight the agency's marketing plan efforts. A discussion of the 1997 operating budget follows, identifying all issues affecting the agency budget and how they have been addressed with available funds. Next, Pace's 1997 capital program is presented, followed by the multi-year capital plan. Discussions in these areas identify funding needs and match available sources with agency needs. Finally, Pace's outlying year operating financial plan is presented discussing three year plan needs and impacts on Pace's fund balance. Appendices have also been included at the end of the document to assist the reader with unfamiliar terms or language and to provide additional financial and operating performance detail.

*with the exception of CTA suburban services

The following map and description summarizes the operating characteristics of the Fixed Route system.

141 regular, 82 feeder routes, 10 subscription services and 2 seasonal routes are operated by Pace. These routes service 210 communities and carry nearly 2.9 million riders per month utilizing 576 vehicles during peak periods.

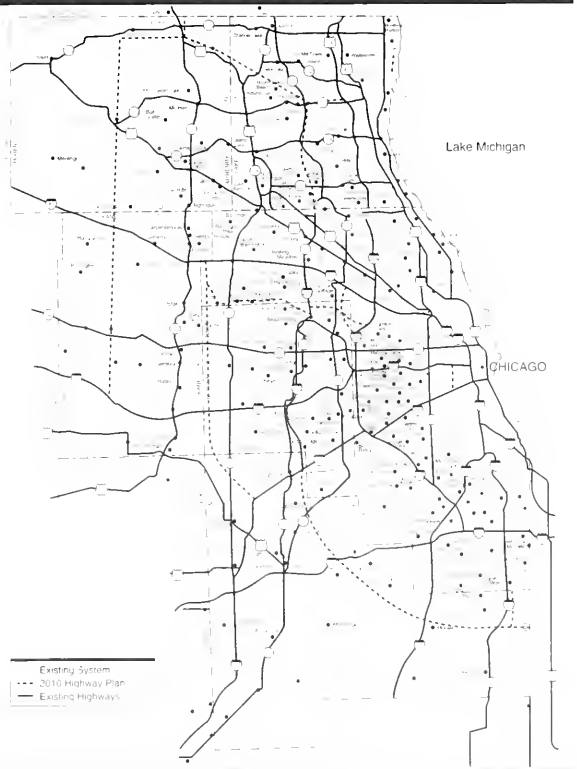
MAP 1. FIXED ROUTE SERVICE CHARACTERISTICS



The following map and description summarizes the operating characteristics of the Dial-a-Ride system

232 Pace-owned lift-equipped vehicles are utilized to provide curb-to-curb service to approximately 113,000 riders each month The majority are elderly and/or have disabilities. Pace contracts directly with private providers for the operation of 18 dial-a-ride projects and has grant agreements with villages and townships for the operation of 33 other dial-a-ride projects Also, two other projects are operated by Pace River Division These 53 projects provide services to over 210 communities throughout the six county area

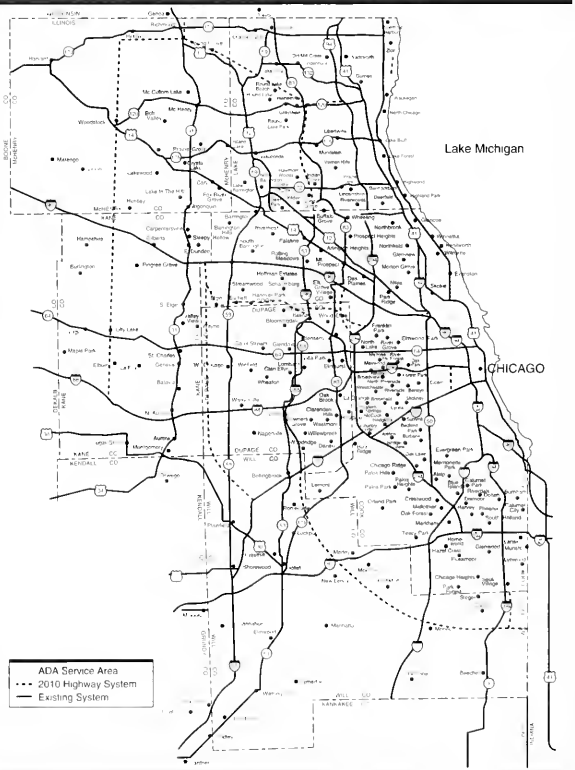
Map 2. Dial-a-Ride Service Characteristics



The following map and description summarizes the operating characteristics of the ADA Paratransit Service Program, as it exists in 1996. A revised map is being prepared which will incorporate minor adjustments in service areas for 1997. The revisions will be made public in late 1996.

140 Pace-owned lift-equipped vehicles are utilized to provide curb-to-curb service to approximately 28,600 riders each month. Individuals that are not able to use Pace's fixed routes can register to utilize Pace's ADA paratransit service. The RTA is administering a regional certification program which determines eligibility for this service. Once eligible, passengers can make travel arrangements for trips within the shaded service area. This area represents a corridor of 3/4 mile to either side of Pace's regular fixed routes in the suburban areas as called for by federal regulations. Pace contracts with six operators strategically located throughout the service area to provide this service.

Map 3. ADA Paratransit Service Characteristics



The following table describes the major Pace fares currently in effect. The only change identified for 1997 at this time is a proposed fare increase in ADA Paratransit fares from $1.50 to $2.00. The increase is necessary to help finance the increasing cost associated with the expansion of ADA Paratransit service. ADA guidelines allow for a fare that is no more than two times the level of the regular full fare.

There are no additional fare changes proposed at this time, however, Pace recognizes that the CTA may need to adjust fares in 1997. If changes are made by the CTA and these changes require Pace to adjust the fare structure, Pace will notify the public and hold additional public hearings as necessary.

Table 3. Fare Structure

	Full Fare	Reduced Fare
REGULAR FARES		
Full Fare	$ 1.15	$ .55
Transfer to Pace*	$ .10	.05
Transfer to CTA	$ .65	.35
PASSES	**ALL TIMES**	
Pace/CTA Monthly Pass	$ 88.00	$ 44.00
Commuter Club Card (CCC)(Pace Only)	$ 39.00	$ 19.50
Link-Up Ticket	$ 36.00	
Plus Bus	$ 30.00	
CTA Accommodation Pass		$ 35.00
10 Ride Plus Pass Full Fare	$ 11.50	$ 5.50
LOCAL FARES		
Full Fare	$ 1.00	$ .50
Transfer to Pace*	$ .25	.10
Transfer to CTA	$ .80	.40
10 Ride Plus Pass	$ 10.00	$ 5.00
**Local transfers will remain free of charge*		
EXPRESS FARES	**ALL TIMES**	
Routes 210,355 & 855	$ 2.75	$ 1.35
Routes 600,606,610,616,626,737,747 & 757	$ 1.35	$ .65
Routes 767,877 & 888	$ 1.60	$ .80
Route 835, 960 & 961 (Zone Fares)	$ 3.90	$ 1.95
10 Ride Plus (210, 355 & 855)	$ 27.50	$ 13.50
OTHER		
Dial-a-Ride	$ 1.30	$ .65
Proposed ADA Paratransit Services (currently $1.50)	*$ 2.00*	
Special Services (Non-ADA)	$ 5.00	

Since Pace's inception in 1984, the focus of the capital improvement program has primarily been on the replacement of buses and garage facilities. More than $78.0 million has been spent on the renovation and replacement of ten fixed facility garages. Additionally, more than $174.0 million has been spent on the purchase of 587 fixed route buses, 431 paratransit buses and over 288 vanpool vehicles. Pace's garages provide inside bus storage for 541 buses with building size totalling nearly 1.0 million square feet.

During 1996, Pace has completed the construction of three new park-n-ride lots: one in Burr Ridge, two in Bolingbrook.

In addition, Pace will complete the construction of a park-n-ride lot in Blue Island in 1996. The Blue Island lot will have parking spaces for over 62 cars.

Pace River Division in Elgin (top) Pace Southwest Division in Bridgeview (bottom)

A Pace River Division
975 S State, Elgin
63,000 square feet, 1989

B. Pace Fox Valley Division
400 Overland Dr., N Aurora
56,800 square feet, 1994

C. Pace Heritage Division
9 Osgood St., Joliet
56,800 square feet, 1985

D Pace North Division
1400 W Tenth St., Waukegan
57,800 square feet, 1987

E. Pace West Division
3500 W Lake St , Melrose Park
223,000 square feet, 1986

F. Pace Southwest Division
9889 Industrial Dr., Bridgeview
81,500 square feet, 1994

G Pace South Division
2101 W. 163rd Place, Markham
191,000 square feet, 1988

H. Pace Northwest Division
900 E. Northwest Hwy.,
Des Plaines
83,700 square feet, 1962

J. City of Highland Park*
1150 Half Day Road,
Highland Park

K Village of Melrose Park*
1000 N 25th Ave., Melrose Park

L. Village of Niles*
7104 Touhy Ave., Niles

M. Pace North Shore Division
2330 Oakton St., Evanston
57,800 square feet, 1995

N Pace Administrative
Headquarters
550 W. Algonquin Rd.,
Arlington Heights
46,500 square feet

O Pace South Holland
Acceptance Facility
405 W Taft Dr., South Holland
44,700 square feet, 1984

P McHenry Paratransit Garage
McHenry Corporate Center
McHenry
(to be constructed 1997)

**Municipal Garages*

Aurora Transportation Center
Aurora
Buffalo Grove Transportation Center
Buffalo Grove
Chicago Heights Transfer Center
Chicago Heights
Elgin Transportation Center
Elgin
Gurnee Mills Transfer Facility
Gurnee Mills
Harvey Transportation Center
Harvey
(Construction 1997)
Northwest Transportation Center/ Charles Zettek Facility
Schaumburg
Prairie Stone Transportation Center
Hoffman Estates
Waukegan Transportation Center
Waukegan
(Construction 1997)

Antioch Metra
Clarendon Hills Metra
Deerfield Metra
Des Plaines Metra
Homewood Metra
Lake-Cook Road Metra
North Riverside Park Turnaround
Oak Park CTA/Metra
Prairie Crossing/Libertyville Metra
Prairie View (Vernon Twp.) Metra
Prospect Heights Metra
Riverdale Bus Turnaround
(Construction 1997)
Round Lake Beach Metra
South Suburban College (South Holland)
Summit CTA/Pace
Vernon Hills Metra

Blue Island Park-n-Ride
Blue Island
(Construction 1996)
Bolingbrook Park-n-Ride
Old Chicago Drive
Bolingbrook
Bolingbrook Park-n-Ride
Town Center
Bolingbrook
Burr Ridge Park-n-Ride
Burr Ridge
Elk Grove Village Park-n-Ride
Elk Grove Village
(Construction 1997)
South Holland Park-n-Ride
South Holland
Washington Square Mall
Homewood
(Leased)
West Point Center
Hillside
(Leased)

MAP 4. PACE SYSTEM GARAGE AND SUPPORT FACILITIES

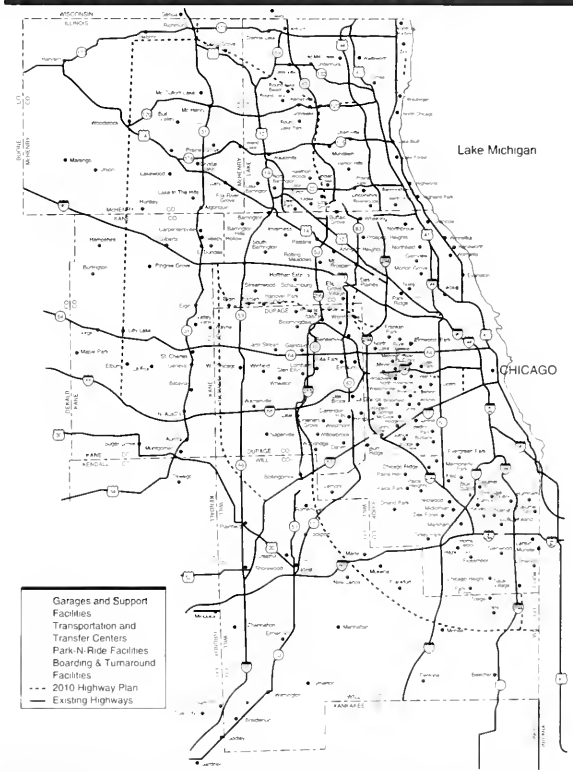


Table 4. Pace Rolling Stock Fixed Route Active Fleet

Manufacturer	Year	No. of Vehicles	Age	Length	Lift Equipped
Gillig	1986	20	10	35'	Yes
Orion II	1987	5	9	26'	No
Orion I	1988	100	8	40'	No
Orion I	1989	71	7	40'	No
Orion I	1990	50	6	40'	No
Orion I	1990	84	6	35'	Yes
Orion I	1990	43	6	40'	Yes
Ikarus	1992	71	4	40'	Yes
Orion I	1993	20	3	35'	Yes
Orion I	1993	86	3	40'	Yes
Chance	1995	15	1	26'	Yes
Nova	1996	22	0	40'	Yes
Total		587			
Average Age			5.5 years		

Table 5. Pace Rolling Stock Paratransit Active Fleet

Manufacturer	Year	No. of Vehicles	Age	Length	Lift Equipped
Ford/Champion Buses	1989	56	7	23'	Yes
Ford/Goshen Buses	1990	17	6	23'	Yes
Ford/Goshen Buses	1991	24	5	23'	Yes
Ford/Braun Vans	1993	16	3	19'	Yes
Ford/Eldorado Buses	1994	110	2	23'	Yes
Chance Buses	1995	3	1	26'	Yes
Eldorado Vans	1995	73	1	19'	Yes
Eldorado Buses	1996	28	0	23'	Yes
Eldorado Vans	1996	45	0	19'	Yes
Total		372			
Average Age			2.6 Years		

The Pace service area measures 3,446 square miles, nearly the size of the state of Connecticut. The suburban area is divided among the six counties and incorporates 267 municipalities. Transportation needs among this broad area are as unique as the individual communities that comprise it. The suburb-to-suburb commute trip has now become the dominant travel market in the region and is primarily served by the automobile.

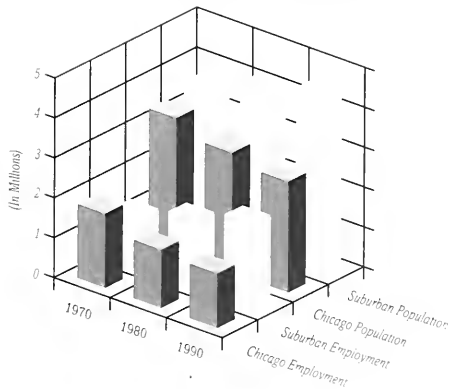
The suburban area has a 1990 population of 4,454,317 and employment of 2,163,660. The suburban area not only exceeds the City of Chicago in terms of absolute population and employment, but it also continues to grow while population and employment in the City have declined since 1970, as shown in Chart A.

In total, 40% of the region's office space is outside of the City of Chicago. Since 1975, over 57 million square feet of office space has been built in the suburbs, the majority of which is poorly accessible to transit patrons. Large building set-backs and a lack of sidewalks and pedestrian crossings are typical of the suburban environment.

To ensure that future development is transit accessible, Pace works closely with interested municipalities and developers to assist them in incorporating transit planning into their projects. By becoming part of the plan review process, transit amenities can be incorporated into their development plans from the outset.

In 1995, Pace provided technical advice on 27 proposed development plans and 31 IDOT roadway improvement projects. By cooperatively working with IDOT, Pace has been able to incorporate transit needs such as bus turnouts, shelters, turn lanes and signal modifications into road improvements as needed to provide faster, more effective service.

The substantial growth in suburban population, employment, households and office space has clogged the region's highways with traffic congestion. Between 1980 and 1990, traffic volumes have increased 33% while highway miles increased by only 5%. From all indications, the situation is likely to worsen considerably by the year 2010 unless new funding is provided for highway and transit improvements.



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The total journey to work trip market reached 3.3 million (one-way) trips in 1990, up over 9% from 1980. At the same time, however, total ridership for the region's mass transit providers fell by 16.7%, a loss of nearly 137 million annual trips.

The region's work commute market can be divided into four major segments (Chart C) which facilitate understanding of the effect that population and employment shifts have on travel and transit demand. Transit's strongest markets have traditionally been the city-to-city and suburb-to-city commute markets and, as can be seen on Chart B, these markets have either declined or remained flat from 1980 to 1990. In contrast, transit's weakest markets, suburb-to-suburb and city-to-suburb (or the reverse commute) have grown dramatically from 1980 to 1990.

CHART B: JOURNEY TO WORK TRIP VOLUME BY MAJOR MARKET—1980 vs. 1990

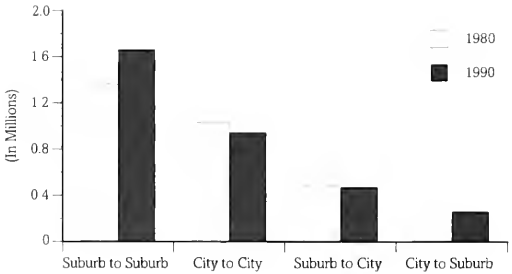
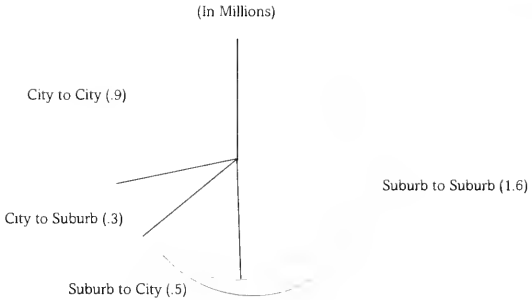


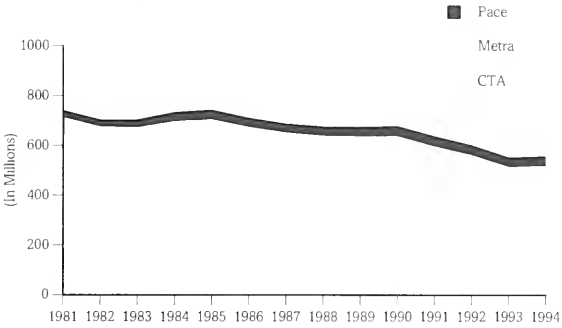
CHART C: JOURNEY TO WORK TRIP MARKET SEGMENTS*

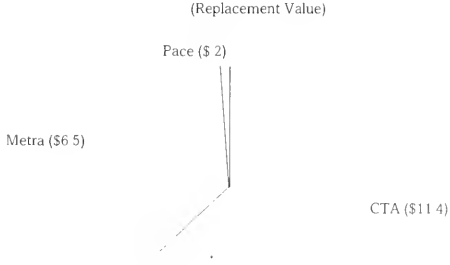


Based on 1990 Census Transportation Planning Package data

The impact of these market shifts on transit ridership for the three Service Boards has also been significant as shown on Chart D. The heaviest losses were experienced by the CTA which experienced substantial declines in population and employment in its City based market. Commuter rail ridership declined by 12 6 million annual trips, though this is largely attributed to the dramatic fare increases levied in the early 1980's, a result of the RTA financial crisis prior to the creation of Metra. Pace ridership actually grew by 2 2 million trips for the 1980 to 1990 period, although the growth did not parallel increases in suburb-to-suburb commuting This is due to several factors; first, over 40% of Pace service is in the suburb-to-city market which has been flat since 1980; secondly, most of the growth in suburb-to-suburb commuting has taken place in the lower density outlying suburbs while Pace services to a great extent are concentrated in the older, closer in suburbs and satellite cities of Aurora, Elgin, Joliet and Waukegan. For the most part, the inner suburban communities and satellite cities well served by Pace have also lost population and employment from 1980 to 1990. Pace's long range plans address this issue.

While the majority of the region's population and employment are suburban, and the growth continues to exceed the City, the region's heaviest investment in transit capital is designed to serve the City and central business district Pace capital assets represent only 1% of the region's capital infrastructure, though Pace carries nearly 7% of the region's transit patrons (reference Chart E)



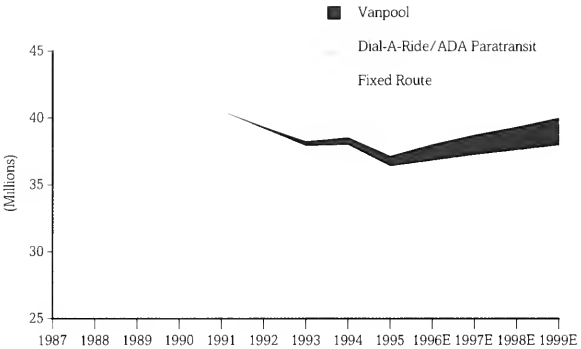


Pace closely monitors the performance of its services. A quarterly evaluation is performed on all fixed route services and those routes that fail to meet minimum performance standards are restructured or eliminated. Funds saved by the reduction of low productivity services are redirected to better service opportunities. This helps to increase Pace's ridership while maintaining stable recovery performance.

Pace ridership for 1996 is projected to end the year 2.8%, or 1.1 million trips, over the 1995 levels of 37.2 million riders. The increase in ridership is primarily attributed to the resumption of the CTA/Pace monthly pass in February, 1996. Additional ridership growth is also coming from the continued growth of the VIP vanpool program and ADA paratransit services, as well as the new CMAQ funded services.

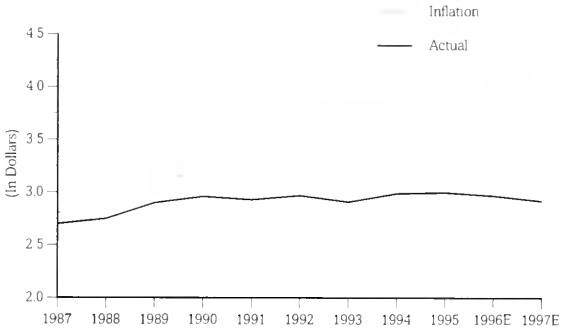
For 1997, Pace is projecting to carry 39.5 million passengers, up 3.3% from the 1996 estimate. This forecast is based on achieving a 1% increase in base system ridership, with continued growth in vanpool and ADA paratransit ridership of 23% and 22%, respectively. An additional 718,000 riders are projected from the new CMAQ program.

Historical and projected suburban bus ridership is represented on Chart F.

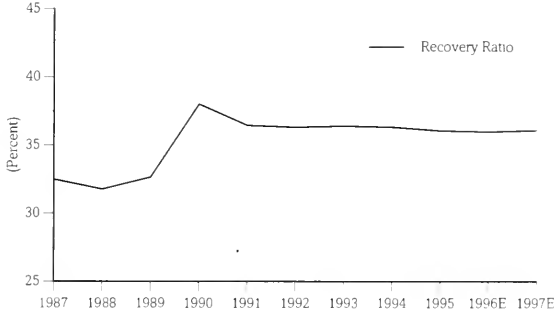


Pace's cost control efforts are substantiated by performance as measured by cost per mile. For the ten year period from 1987 to 1996, expense per mile has grown by only 5% while inflation for the same period totalled 38.9%. If it were not for the cost savings programs and efforts, Pace's expense per mile growth would have been at (or greater than) the rate of inflation for the period. Without cost containment efforts, the 1997 budget may have been closer to $4.00/mile instead of the projected $2.92. This savings of $1.08/mile is significant and amounts to $40.8 million or nearly 37% of the 1997 budget. The cost per mile trend is represented on Chart G.

The RTA is requiring Pace's recovery ratio to remain at the estimated 1996 levels for 1997—36.1%. Pace has been required to achieve increasing recovery levels for the past several years, however, this has been achieved by limiting expense growth and maximizing revenue growth through development and expansion of highly productive services like vanpool. In 1997, Pace will incorporate expense reductions in order to achieve the RTA required ratio. Additionally, Pace will also raise ADA paratransit fares to $2.00 in order to improve recovery performance to 10% for this historically low performing service. The recovery ratio is represented on Chart H.



The recovery ratio is calculated by dividing total operating revenue by total operating expense. Pace's recovery ratio experienced a dramatic increase in 1990 due to new funds coming in from the State of Illinois' half-fare subsidy program. However, as the State has reduced the amount of funds available under this program, Pace's recovery rate has declined. Also, the expansion of ADA paratransit service as required by law serves to depress the recovery ratio as these services typically recover 7.5% of their cost from passenger fares.



Pace, in an effort to address changing demographics and markets, has embarked in a new direction for success. Previously, Pace had focused its efforts on improving facilities and equipment. It is now time to concentrate on increasing ridership and redirecting funding and services to meet the needs of a changing marketplace, while maintaining fiscal responsibility. For that reason, Pace has adopted the Vision 2000: 45 Million Riders by the year 2000.

This new goal will encourage all employees to support the changes that are necessary to be successful. Substantial changes to the traditional way of providing public transportation are needed. The Vision 2000 sets the course for this change and identifies the need to more effectively serve our suburban residents and employees.

The Vision 2000 will guide the planning process and service decisions of the organization. It represents a 15 percent increase in ridership over the next four years and requires that Pace maintain overall financial performance. Although this seems aggressive, Pace has identified a number of programs that put this goal within our reach. The updated Strategic Plan, the Comprehensive Operating Plan, and the 1996 Marketing Plan, all have specific programs which support our reaching 45 million riders annually by the year 2000.

As the focal point of these three plans, the Vision provides an explanation to our employees and the public on our direction for the next four years. With the Vision and these plans, the road has been paved, yet many obstacles challenge our success.

During the past 12 years, Pace's ridership has remained stable. We have actually lost ridership in our strongest market, the traditional suburb-to-city work commute market. The reason: population and employment continue to move from the city to the suburbs. As this happens, the public is looking more and more for Pace to solve the region's travel and congestion problems. For Pace to respond, we must be willing to change our way of providing service, and offer more time-competitive, flexible and direct service. Since this trend in population and employment is expected to continue, Pace must seek new, innovative opportunities to capitalize on this growth.

Programs such as the Vanpool Incentive Program, subscription bus service, special events service, and new express service have boosted our ridership in the non-traditional markets. This has saved us from the overwhelming ridership losses experienced by the CTA. Yet it will take a more aggressive approach to service restructuring and re-evaluating funding priorities for us to experience the ridership growth we believe possible.

The programs identified in the following plans will further Pace's reputation as one of the most innovative and successful transportation providers in the nation. The Strategic Plan sets forth the strategies and programs necessary to make our services more competitive with the single passenger automobile commute; the Comprehensive Operating Plan lays the groundwork for Pace's long-term planning; and the Marketing Plan profiles our customers and their characteristics, identifies our three travel markets, and focuses on opportunities to encourage passengers to ride more often, keep customers longer and gain new customers. The Vision 2000 incorporates these plans into one mission—to carry 45 million passengers annually by the year 2000.

Pace is updating the Strategic Plan originally adopted in 1988. That first Plan emphasized the need for Pace to keep up with changes in regional travel and, given past financial difficulties, to sustain sound fiscal performance. New services like expanded express bus operations and initiation of a vanpool program were proposed as complements to traditional fixed route service. In addition, development of passenger facilities like transportation centers and park-n-ride lots were recommended in support of those services. Enhancing operations through the use of advanced technologies was promoted, as was consolidation of publicly owned services under direct Pace control.

A number of objectives from that Plan have been met, and many new initiatives are currently underway. But the past several years have been difficult for Pace and regional public transit in general. Besides declining Chicago population and employment, frequently changing CTA fare policies have dampened customer demand for connecting services to Chicago destinations. While the suburbs are growing, Pace's funding has not enabled it to keep up with travel demand in the markets it serves. Although ridership has been relatively stable, Pace is losing market share to autos carrying a single occupant. In addition, several federal mandates that affect Pace have come into being in the interim.

For example, the Americans with Disabilities Act (ADA) has expanded public transit's obligations to persons with disabilities. The Intermodal Surface Transportation Efficiency Act (ISTEA) has changed the way public transit is funded and managed at the federal, state and local level. The Clean Air Act Amendments (CAAA) increased the transportation community's role in making the environment less hazardous. Uniform Commercial Drivers License (CDL) requirements and mandatory drug testing were implemented by the U.S. Department of Transportation, and other recent changes in legislation and regulations now influence Pace policy and operations. Individually, any one of these items would be sufficient reason to revisit the original Plan.

Strategic Vision

Regional travel data and socio-economic forecasts provide a glimpse of a challenging future. Suburb-to-suburb travel has become the predominant commuting market in the metropolitan area, and reverse (city-to-suburb) commuting is increasing at a rapid rate. Unfortunately, a relatively small percentage of public transit resources are directed to these markets. The traditional suburb-to-city market benefits from billions of dollars worth of investments in rail and rapid transit service, made over many years; however, as a percentage of overall regional travel, that market is currently declining and is expected to continue to do so for several decades.

Therefore, in order to remain a viable commuting option, we must keep up with travel growth in the suburbs. The 1996 Strategic Plan has, as its Vision, a system serving forty-five million passengers annually by the year 2000, without any loss in farebox recovery performance. The Vision requires an average of 3% annual ridership growth over the next five years.

Responding to Changing Markets and Forecasts

As one of the most comprehensive market studies done in the industry, the 1996 Marketing Plan identified the behavioral characteristics of Pace's customers. Approximately 80% of those customers take Pace to work, and on average they have done so for 5-1/2 years. Our customers come from three major market segments: the traditional suburb-to-city market, the reverse commute, or city-to-suburb market, and, the suburb-to-suburb market. While the bulk of Pace's fixed route service is focused on the suburb-to-city market, total travel (both auto and transit) to that market has declined through the 1980's while in Chicago, the population dropped 7.3% and employment declined 6.2%. At the same time, the suburbs experienced employment growth of 24.7%. Combined with a 9.3% increase in suburban population, travel to and/or through the suburbs has grown substantially, resulting in additional traffic congestion, reduced air quality, longer travel times and—most distressing for Pace—stagnant transit ridership and financial performance.

Other data indicate that travel by transit is substantially slower than by private automobile, and that the gap is widening over time. Also, development densities are declining, making it more difficult to provide local fixed route services in growing areas. These trends were identified in the 1988 Strategic Plan, but the magnitude of the changes are even greater than originally anticipated.

Chart 1. Work Travel Times by Mode

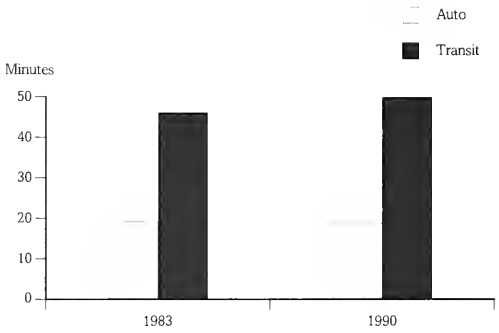
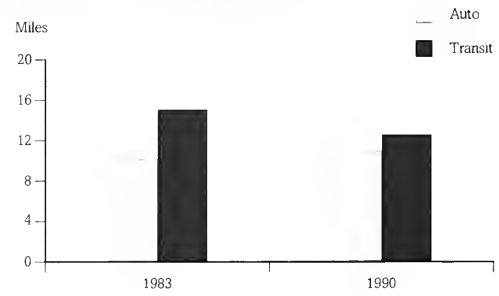


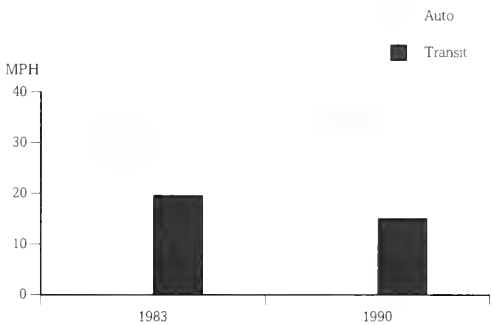
Chart 2. Work Trip Lengths by Mode



The 1996 Strategic Plan update calls for Pace to take actions that

- provide bus priority at traffic signals in congested travel corridors to improve fixed route bus service reliability and operating speeds;
- allocate service to implement the initial stages of Pace's budding express bus network,
- develop park-n-rides, transfer facilities and transit centers to support the express bus, subscription bus and vanpool operations;
- increase non-traditional services like vanpool and subscription bus, and identify other transit options that extend Pace's market reach in the long distance and low density commute markets,
- significantly expand the availability of sheltered waiting areas throughout the Pace service area,
- enhance passenger information;
- seek additional operating funds in order to provide all manner of services in support of economic development, congestion management and environmental quality efforts,
- tailor feeder services in coordination with Metra station area parking programs to satisfy commuter demands for station access and ensure reasonable financial performance of Pace operations;
- secure an ADA cost exemption from the farebox recovery rate calculation and introduce more efficient and cost-effective service alternatives

The vision of Pace serving 45 million customers annually by the year 2000 is within reach. In order to fulfill this vision, Pace will need to secure additional public funding, implement new technologies, enhance service quality, pursue an aggressive program of capital facilities improvements, and conduct a limited amount of service restructuring in conjunction with major service expansions Programs to bring the Plan to fruition have already begun, but much work remains to attain the Vision Such work will be documented in the Pace's current and future annual operating and capital programs



In 1992, Pace developed a long range Comprehensive Operating Plan (COP) which established a vision for the suburban transit system to the year 2010. The COP was created to provide a direct link between the region's 2010 Transportation System Development Plan and Pace's five year capital plan and the annual operating and capital budget elements. The Pace COP identifies specific efforts to be pursued in the development of a comprehensive suburban public transportation system. They are briefly summarized as follows.

Responding to growing population, employment in further outlying suburbs and the need to connect residents to major suburban employment centers, the COP identifies the need to double the level of fixed route services offered by the year 2010. Over a dozen corridors are identified to provide high speed linkages to major employment centers.

The COP identifies the need to geographically expand dial-a-ride services throughout the service area. In low density markets, dial-a-ride can provide vital transportation services to areas not efficiently served by fixed routes.

The COP identifies the need to move forward with the VIP vanpool program and subscription bus program. Pace's vanpool program has grown to 233 vans and is well on its way to achieving the 2010 target of 500 vans ahead of schedule. The nine subscription routes operated for Sears employees by private contractors are adding nearly 160,000 annual riders to Pace. These services which have high recovery rates (100% vanpool, 50% subscription bus) are consistent with Pace's general strategy.

The COP calls for the expansion of the total vehicle fleet from just over 1,000 now to 3,200 by 2010. Additional vehicles will be required for vanpools, express bus routes, fixed route, ADA paratransit and dial-a-ride expansion. The plan calls for the replacement of contractor-owned school buses (used in Metra feeder service) with smaller shuttle type coaches. In addition, Pace will experiment with other vehicle designs to meet market conditions such as more comfortable seating configurations for long distance express bus routes.

In late 1994, Pace completed the construction of its ninth garage (in Evanston) which concludes the ten year program to renovate and replace the nine division garages. In the future, the COP identifies the need to expand present facilities as necessary to accommodate growing service levels. The plan also identified the need for new garages in McHenry, DuPage, and South Cook counties. Land for the McHenry County garage included in the 1995 Capital Program has been acquired and the facility is now being designed.

The COP identifies the need for 96 park-n-ride facilities by 2010. To maximize access to limited access highway facilities (also planned) and reduce bus circulation through residential communities, a large percentage of park-n-rides are planned near expressways and tollways. These facilities will improve auto-bus connections for customers that prefer or need to drive to get to a transit facility.

The COP calls for the implementation of eight additional transportation centers and 74 new transfer facilities by 2010. Transit centers will be implemented in major development areas to facilitate the interchange of express and local routes. Smaller transfer facilities will be integrated into smaller developments such as shopping centers. Both facilities may be constructed in conjunction with park-n-ride lots if needed.

In order to increase the speed (which reduces costs and increases ridership) of express service operating on the region's highways and tollways, Pace's COP calls for the implementation of 158 restricted use facilities along the major highways in the region. A restricted use facility would allow buses and other HOV's to bypass high congestion areas such as interchanges. Also, exclusive toll bypass lanes and bus only exit/entrance ramps are proposed at several locations.

The on-time performance and operating speed of Pace vehicles can be significantly enhanced through the use of signal preemption systems. These systems can determine whether or not a bus is on schedule and adjust on-coming traffic signals to speed its movement through an area. These systems can significantly reduce operating costs and improve performance in congested areas. The COP identifies 75 corridors which would benefit from signal preemption. Funds for the first phase of this system's development were included in the 1994, 1995, and 1996 Capital Programs. The first phase demonstration will be implemented prior to committing any additional funds in future years.

The implementation of Pace's long range plan will be hampered by the shortage of capital funds over the next five years as discussed in Pace's 1997-2001 capital program section of this document

Pace recently completed an 86 car park-n-ride lot at Old Chicago Drive in Bolingbrook (top). Pace currently leases a park-n-ride lot at Washington Square Mall in Homewood. A permanent facility will be constructed in 1997 (bottom).

Pace's 1996 Marketing Plan represents our first effort at preparing a comprehensive plan designed to achieve the identified ridership goals within each major commute market. The plan primarily focuses on work commute trips which comprise 80% of Pace's customer base. The three major commute markets in which Pace provides service are defined as being the suburb-to-city, suburb-to-suburb, and city-to-suburb (or reverse) commute markets.

The following summarizes each major chapter contained in the plan:

[illegible]

Eighty percent of Pace's customers use the service to get to work. During the 1980's, the City lost 7.3% of its population and 6.2% of its employment base; meanwhile, the suburbs grew 9.3% in population and suburban employment increased 24.7%. The shift in population and employment has resulted in changes in commute patterns which do not bode well for transit. From 1980 to 1993, CTA lost 35.8% of its ridership and Metra lost 14.6%. Based on volume, the largest commute market in the region is now the suburb-to-suburb market which, at 1.7 million a m. work trips, is nearly the size of the remaining markets (suburb-to-city, city-to-suburb and city-to-city) combined. Based on market trends and Pace's ridership composition by market, a baseline projection of Pace ridership of 41.4 million is forecast for the year 2000. This represents growth of just over 10% from 1995 levels, a compound annual rate of 1.65%. At this growth rate, Pace will lose market share as compared to 1990 in each major commute market.

The Customer

Recent market research reveals marketable differences between Pace customers in each major commute market. Customers in the suburb-to-city market are less transit dependent, earn higher incomes, are more likely to own a home, be married, and have been a Pace customer longer than customers in the suburb-to-suburb or city-to-suburb markets. Our highest female customer base (72%) is in the city-to-suburb market which also represents our largest minority population market (59% African American). Our city-to-suburb customers commute the longest distances (26.5 miles) and have the longest travel times (80 minutes) of any Pace commuter group. A large proportion of our customers also use the CTA (43.8%) and Metra (15.4%) on a regular basis. A significant number (7.7%) also use their autos five days per week, in addition to using Pace.

Our customers are very loyal with an average retention period of 5.5 years. The main reasons for leaving Pace are related to the purchase of a car and moving or switching jobs. Pace receives high overall marks for its service, with users rating Pace an 8.4 on a scale of 1 to 10. Non-users also rated Pace fairly well at 7.35. Customers in each market place different levels of importance and satisfaction on the various aspects of Pace service, with suburb-to-city customers being more concerned with schedule dependability and less concerned with cost, city-to-suburb commuters being more concerned with convenience and cost than our other customers. A "gap analysis" which compares Pace's performance to the relative importance of service delivery aspects indicates Pace is not meeting customer expectations in several key areas such as ease of use, shelters and stop locations, while we exceed expectations in terms of vehicle comfort and appearance.

[illegible]

Automobiles command 80% of the journey-to-work commute market, their lowest share, 71%, is in the suburb-to-city market, the highest, 95%, in the suburb-to-suburb market. Autos actually gained market share from transit (4 points) in the suburb-to-city market during the 1980's. Auto commute costs are perceived to be about equal to transit costs by auto commuters. Auto commuters typically underestimate their commute costs considering

only fuel and parking, they often view ownership costs as being fixed and independent of their commute cost. Auto travel times are less than half that of transit in the suburb-to-suburb and city-to-suburb markets and are comparable in the suburb-to-city market. Ninety three percent (93%) of suburban households own at least one car, while 34% of City households do not have a car. Less than half (47%) of Pace customers do not have a car available (captive), while 53% do have a car and choose Pace for other reasons. Our highest captive market is in the city-to-suburb market at 62%, our lowest captive share is in the suburb-to-city market at 36%.

[illegible]

The majority (72%) of Pace's fixed route ridership is carried by our inner suburban route service classification. The inner suburban route group is our best performing with many routes serving all three markets. The inner suburban group carries more passengers in each market than any other route category. Evaluated in terms of subsidy per trip and average daily ridership, our inner suburban routes are our best performers in the suburb-to-city market, the feeder route category contains the poorer performers in this market. Our inner suburban suburb-to-suburb service performs well, while rush hour only routes in this market do not. Similarly, in the city-to-suburb market, the best performing routes also serve the in-bound market, while the least effective routes serve only the reverse market. Our top 25 fixed routes carry 50% of our ridership.

Subscription bus service is subject to limited opportunities, largely a function of employer relocations. Subscription routes may have limited life times of five to six years. Eighty percent (80%) of our vanpools are in the suburb-to-suburb market, and the remaining 20% in the city-to-suburb market. Vanpool performs well in both markets and does not appear to be dependent on employer relocations.

[illegible]

An assessment of Pace's position in each market reveals our strongest competitive position is in the suburb-to-city market. While the suburb-to-suburb and city-to-suburb markets exhibit greater growth potential, they are more difficult to serve cost-effectively. The guiding strategy for each market is identified as follows:

Suburb-to-City

Become more focused on efficient elements, eliminate low productivity elements, reinvest in high-potential services.

Suburb-to-Suburb

Extend and develop suburb-to-suburb commute options where productivity is good, lower the cost of service via capital investment or direct operation, heavily promote low cost, high recovery services such as vanpool.

City-to-Suburb

Build reverse commute elements of inner suburb, multiple market routes. Market fixed route (reverse connections) to CTA. Identify more efficient service opportunities such as express bus, subscription bus and vanpools with City origins.

These strategies are further developed via a quantitative forecast of ridership by market for each year through 2000 which is contained in the plan. Our 1996 marketing objectives called for Pace to increase average daily ridership by 4,160 customers or about 2.9%. We are falling short of this objective as of September 1996 but expect additional ridership growth in the fourth quarter as new CMAQ funded services are implemented. 1997 objectives are being established at this time and will be incorporated into the 1997 Marketing Plan. Strategies for increasing ridership in each market are identified in the plan document and are too numerous to summarize here. They generally center around increasing existing customer retention and utilization and attracting new customers.

For 1997, RTA funding to Pace will increase by 1.3% or only $841,000. This minimal increase in funding does not address inflationary pressures on the budget or the need to expand ADA paratransit service. The gap between our needs for 1997 and the RTA funding level amounted to $3.4 million. The proposed budget closes this gap by recommending several actions.

First, expenses are being reduced through a variety of cost containment measures, which include reducing labor growth rates, freezing non-labor expense budgets, limiting subsidy growth for paratransit and public contracted fixed route services to 1.3% and eliminating marginal services. A listing of the fixed route reductions is contained in Appendix F.

Secondly, fare box revenues are being increased by $.2 million resulting from an increase in the ADA paratransit fare to $2.00 (from $1.50). This increase will provide some contribution to finance the $1.2 million expansion of ADA service in 1997.

Lastly, $1.0 million in capital funding will be directed toward supporting the maintenance program in 1997.

The Federal Transit Administration, in recognition of the difficulties created by the reduction in operating assistance and the need to properly maintain federally funded assets, now allows transit agencies, like Pace, to use capital funding for maintenance expenditures. The program does not create new money as it requires Pace to reduce its capital program use for these funds by an equal amount.

To summarize, the 1997 budget shortfall of $3.4 million is addressed as follows:

	Amount (Mil)
• labor savings	$ .497
• non-labor reductions	1.255
• paratransit/public fixed route funding limitations	.161
• fixed route service reductions	.273
• ADA fare increase	.204
• capital funding for maintenance	1.020
Total	$3.410

On the positive side, Pace has balanced the budget with a minimal impact on service and fares. Also, Pace was successful in obtaining $4.2 million in special Federal funding under the Congestion Mitigation/Air Quality Program (CMAQ) which will be used to implement new express routes in late 1996 and 1997. These services are included in the 1997 budget and comprise the majority of our growth.

Also, good news for 1997 is the fact that the DuPage County paratransit service restructuring project is included in the base budget. RTA declined to fund these services in 1996 and Pace kept them running by making quarterly appropriations. They have now been budgeted to continue through 1997 within available public funding.

The RTA Board of Directors on September 13, 1996, established Pace's 1997 funding level at $67,337,000 for operations and a fare box recovery ratio of 36.1%. The RTA funding mark represents a reduction of $3.410 million from Pace's proposed budget for 1997. This shortfall has been addressed in the proposed budget by a $2.2 million reduction in expenses, which includes $.3 million in service reductions. The specific services proposed for reduction are identified in Appendix F. Also, $.2 million in additional fare box revenue is being generated by a recommended increase in ADA paratransit fares from $1.50 to $2.00. This increase will help finance the $1.2 million expansion of the ADA paratransit program planned for 1997. Lastly, Pace will apply $1.0 million of capital funding to the maintenance budget for 1997. This is possible due to a change in Federal regulations that are designed to ensure federally funded equipment and facilities are well maintained.

In addition to RTA funding, Pace expects to receive $2.3 million in special Federal funds under the Congestion Mitigation/Air Quality Program (or CMAQ). These funds are being used to implement new express services in late 1996 and 1997.

The proposed budget achieves the RTA recovery ratio requirement of 36.1%.

TABLE 6. 1997 OPERATING BUDGET SUMMARY (000'S)

	1995 Actual	1996 Estimate	1997 Budget
Total Operating Expense	$ 102,066	$ 105,178	$ 110,347
Less: System-Generated Revenue	36,816	37,868	39,467
Funding Requirement	$ 65,250	$ 67,310	$ 70,880
Less: RTA Funding for Operations	$ 65,994	$ 66,496	$ 67,337
Congestion Mitigation (CMAQ)	336	578	2,283
Capital Funding for Maintenance	0	0	1,020
Other Federal Funds	72	89	88
Pace Fund Balance	0	147	152
Surplus/(Deficit)	$ 1,152	$ 0	$ 0
System Recovery Ratio	36.1%	36.0%	36.1%

Source of Funds

Pace relies on two major sources of funding operating revenues and public funding provided by the RTA. Public funding is made up of three major components: sales tax, federal operating assistance and the state subsidy provided via the public transportation fund (PTF).

Sales Tax

Section 4.03(e) of the Amended RTA Act allows the RTA to impose a 1% sales tax in Cook County and a 1/4 percent sales tax in Will, Kane, Lake, DuPage and McHenry Counties. Section 4.01(d) of the Act specifies the distribution of sales tax receipts to the Service Boards and RTA as shown on Table 7.

Pace expects to receive $59,217,000 in sales tax revenues in 1997. This represents approximately 10.7% of the total RTA region's estimated receipt of $552 million which, based on Illinois Bureau of the Budget estimates, represents a 3.4% increase over estimated 1996 levels.

Sales Tax Trends

Sales tax receipts have rebounded from the 1991 recession and have shown growth in excess of inflation through 1995. This trend is also projected to continue into the outlying years of this plan. The RTA contracts with the WEFA Group, an economic consulting firm, for the preparation of sales tax forecasts. The WEFA long range forecasts are then adjusted to incorporate the State Bureau of the Budget forecast for the coming year. Table 8 summarizes historical and forecast sales tax growth through 1999.

Public Transportation Fund (PTF)

Section 4.09 of the Amended RTA Act establishes a Public Transportation Fund in the State treasury. The PTF is to be funded by transfers from the General Revenue Fund, and all funds in the PTF are to be allocated and paid to the RTA, provided it meets the budgeting and financial requirements as set forth in the Act. The amount transferred to the fund equals 25% of the net revenue realized from the sales tax. The RTA allocates PTF revenues to the Service Boards on the basis of need for both capital and operating purposes. For 1997, the RTA will allocate an estimated $6,616,000 in PTF funds to Pace for operating purposes.

Table 7. Allocation of Sales Tax Receipts

	RTA	CTA	Metra	Pace
Chicago	15%	85%	—	—
Suburban Cook	15%	(30%	55%	15% of remaining 85%)
Collar Counties	15%	(—	70%	30% of remaining 85%)

Table 8. Regional Sales Tax Trend (000's)

	Amount	% of Change
1987	$ 386,439	4.8%
1988	$ 418,752	8.4%
1989	$ 429,988	2.7%
1990	$ 444,110	3.2%
1991	$ 425,173	(4.3%)
1992	$ 445,891	4.8%
1993	$ 462,393	3.7%
1994	$ 497,698	7.6%
1995	$ 513,304	3.1%
1996E	$ 534,000	4.0%
1997E	$ 552,000	3.4%
1998E	$ 574,950	4.2%
1999E	$ 599,834	4.3%

PTF Trend

PTF funding for the region is directly correlated to sales tax receipts and has grown similarly. However, unlike the sales tax allocation which is established by the RTA Act, PTF is allocated at the discretion of the RTA. In general, RTA has reduced PTF allocations to Pace over time as sales tax growth has covered a larger portion of the operating requirement. For 1997, the RTA continues this practice.

Federal Operating Assistance (RTA Section 4 Funds)

Section 4.02(a) of the Amended RTA Act grants the RTA the authority to apply for, receive and expend grants, loans and other funds from the State, Federal and/or local governments. Further, Section 4.02(c) (2) states that the RTA shall adopt a formula to apportion such funds.

The formula is to take into consideration such items as ridership levels, service efficiency, transit dependence and the cost of service, among other factors. The formula used to apportion Federal operating assistance in the RTA's 1996 budget was based on ridership, similar to the allocation in prior years. The 1997 allocation of $1,504,000 is based on suburban bus ridership as a percent of total ridership in the region. Pace suburban bus ridership accounts for 6.9% of the total ridership in the region.

FTA Operating Trend

The previous three year plan had estimated that Federal budget cutbacks would reduce, by half, the amount of FTA operating funds available to the region for 1997. However, Federal cutbacks apparently have been delayed for one additional year. As a result, FTA funding for 1997 is now expected to be up slightly over 1996 levels. The RTA is estimating that these funds will be cut back in 1998 and phased out altogether by 1999.

Other Federal Grants

A grant awarded to Pace for the People Mobilizer program will provide $88,000 for the south suburbs in 1997.

Beginning in the latter half of 1996, and continuing into 1997, Pace will receive a Federal Congestion Mitigation/Air Quality (CMAQ) program award to implement various new express services throughout the region.

New in 1997, Pace will exercise the option of applying Federal capital assistance to fund a portion of its maintenance expenses. Under a new provision by the FTA, transit agencies may now use capital assistance to fund operating maintenance expenses at a level of up to 20% of recently reported maintenance expenditures. In 1997, Pace will apply $1,020,000 of these funds to balance the budget.

Other Federal Grant Trends

Grant funds for the People Mobilizer program are expected to be exhausted by the end of 1998. The CMAQ funding for new services is only available for the first three years of operation, after which time it is expected that funding would have to come from traditional local operating sources. The new FTA capital assistance for maintenance expense provision is expected to be available in the future.

Other Operating Revenues

Pace is budgeting for $39,467,000 in operating revenues in 1997, an increase of 4.2% over estimated 1996 levels. Base ridership is expected to grow by only 1.0%, with the remainder of growth coming from continued expansion of the ADA paratransit and vanpool programs as well as the addition of the new CMAQ services program. Advertising income is also expected to contribute to the growth in revenue for 1997. Future trends for operating revenues are discussed in the three year financial plan section.

Pace is acquiring farebox equipment which will expand the use of magnetic striped fare instruments.

USE OF FUNDS

All funds received by Pace are used to provide, expand and support suburban bus services. The components of the 1997 Operating Program are fixed route carriers (Pace-owned, public contract and private contract carriers), dial-a-ride services, ADA paratransit services, Cook-DuPage Special Services, vanpool, CMAQ services, administration, and centralized support expenses which include insurance and fuel.

PACE-OWNED SERVICES

Pace is responsible for the direct operation of nine carriers in the six county region. Together, these divisions—North, North Shore, Northwest, South, Southwest, West, Fox Valley, River, and Heritage—carry 80% of the total suburban bus ridership. Pace expects to provide $52,216,000 for expenses to these carriers in 1997. Further information on the Pace-owned services budget can be found on page 32.

PUBLIC CONTRACTED SERVICES

Pace contracts directly with three municipalities (Niles, Melrose Park and Highland Park) for additional fixed route services. These services are expected to cost an estimated $1,689,000 in 1997. Further information on the public contracted services budget can be found on page 33.

Pace service connection to Metra in Matteson

PRIVATE CONTRACT SERVICES

Pace provides service to more than 71 communities by directly contracting with ten private transit companies. Pace expects to fund a total cost of $9,181,000 for these services in 1997. Further information on the private contract services can be found on page 34.

DIAL-A-RIDE SERVICES

Pace subsidizes 53 dial-a-ride service projects throughout the six county region. Generally, these services are operated by townships or local municipalities under contract with Pace. Pace provides partial funding to these services, requiring the local government to support a portion of the net service cost based upon a formula applied to the total service cost. In 1997, Pace plans to expend $8,458,000 for these services. Further information on the Dial-a-Ride services budget can be found on page 35.

ADA PARATRANSIT SERVICES

In compliance with Pace's ADA plan to serve persons with disabilities, the program continues to grow, and is expected to reach full compliance this year as stated in the plan. Pace's cost for these services is expected to reach $7,650,000 in 1997. Further information on the ADA paratransit services budget can be found on page 36.

Cook-DuPage Special Services

Pace plans to continue providing ADA type paratransit service in Cook and DuPage Counties outside the 3/4 mile area in 1997. Pace's expense for this service in 1997 is $193,000. Further information on the Cook-DuPage Special Services budget can be found on page 37.

Vanpool

The 1997 budget for vanpool services contains $1,769,000. This program is targeted specifically at the short and intermediate range work-trip market where the majority of peak period travel occurs. The program has also been expanded to provide a transit alternative to individuals with disabilities who commute on a regular basis to work sites or rehabilitative workshops. The formation of vanpools has been very popular and the demand continues to grow. Pace expects further expansion of this program to 306 vans by the end of 1997. Pace's vanpool program continues to maintain a very high recovery rate at 95.5%. Further information on the vanpool services budget can be found on page 38.

CMAQ Services

Pace will initiate new fixed route service initiatives in late 1996 and 1997 in accordance with a Congestion Mitigation/Air Quality (CMAQ) program award provided by the Federal government. Pace will spend $3,203,000 for these new services in 1997. Further information on the CMAQ services program budget can be found on page 40.

Centralized Support, Insurance and Fuel

Pace provides a variety of direct operational support items through a centralized support program. Pace has been able to save money by buying in bulk and consolidating services. In total, Pace plans to spend $15,447,000 to provide fuel, insurance and other support items in 1997. Further detail on the centralized support program budget is contained on page 42.

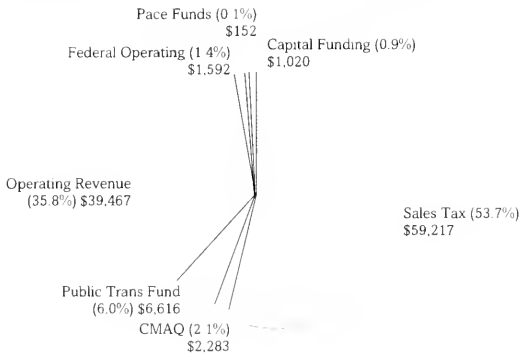
Administration

In order to accomplish the duties of direct operational support, service planning, capital planning and financial control, Pace's 1997 administrative budget is set at $10,541,000. Further information on the administration budget can be found on page 43.

Pace expects to have over 306 vanpools in operation by 1997

Chart 1. Sources of Funds

Sources (000's) Total $110,347



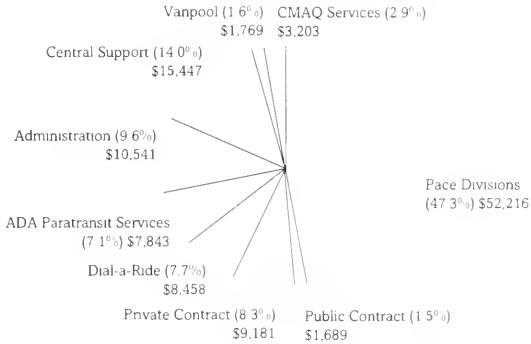
Next to sales taxes, passenger revenues are Pace's largest income source

Table 9. 1997 Revenue Summary (000's)

	1995 Actual	1996 Estimate	1997 Budget
OPERATING REVENUES			
Pace-Owned Services	$ 22,606	$ 23,208	$ 23,440
Public Contracted Services	641	700	700
Private Contracted Services	3,105	3,027	3,057
Dial-A-Ride Services	3,967	4,165	4,371
ADA Paratransit Services	380	502	816
Cook-DuPage Special Services	38	40	41
Vanpool Program	1,024	1,373	1,690
CMAQ Services	0	145	919
Half-fare Reimbursement	2,052	1,780	1,780
Investment/Other Revenue	1,939	1,928	1,602
Advertising Revenue	1,064	1,000	1,050
Total Operating Revenues	$ 36,816	$ 37,868	$ 39,467
PUBLIC FUNDING			
Sales Tax	$ 53,946	$ 57,897	$ 59,217
Public Transportation Fund	8,068	7,150	6,616
Federal Operating Assistance	3,173	1,449	1,504
Other RTA Funds	807	0	0
Other Federal Funds	72	89	88
Federal CMAQ Funding	336	578	2,283
Capital Funding for Maintenance	0	0	1,020
Pace Funds	0	147	152
Total Public Funding	$ 66,402	$ 67,310	$ 70,880
Total Source of Funds	$ 103,218	$ 105,178	$ 110,347

TABLE 10. 1997 EXPENSE SUMMARY (000'S)

	1995 Actual	1996 Estimate	1997 Budget
EXPENSES			
Pace-Owned Services	$ 49,759	$ 51,200	$ 52,216
Public Contracted Services	1,639	1,667	1,689
Private Contracted Services	9,391	9,364	9,181
Dial-a-Ride Services	7,845	8,199	8,458
ADA Paratransit Services	5,898	6,402	7,650
Cook-DuPage Special Services	174	187	193
Vanpool Program	1,179	1,397	1,769
CMAQ Services	0	723	3,203
Centralized Operations	7,816	8,008	8,084
Insurance	6,136	4,500	4,374
Fuel	2,570	3,040	2,989
Administration	9,659	10,491	10,541
Total Expenses	$ 102,066	$ 105,178	$ 110,347
Surplus (Deficit)	$ 1,152	$ 0	$ 0
Recovery Rate	36.07%	36.00%	36.10%
Fund Balance			
Beginning Balance	$ 5,257	$ 6,078	$ 1,000
Surplus/(Deficit)	1,152	0	0
Less Obligations/Other	331	5,078	402
Ending Balance	$ 6,078	$ 1,000	$ 598



The 1997 budget includes $2.2 million in expense reductions in order to balance to the projected sources of funds

PACE-OWNED CARRIER BUDGET

Pace is directly responsible for the operation of nine divisions in the six county region. They are—Pace North, Pace Northwest, Pace South, Pace Southwest, Pace West, Pace Fox Valley, Pace Heritage, Pace River, and Pace North Shore. Together, these nine divisions are estimated to provide 80% of the total suburban bus ridership in 1997.

In 1997, Pace will expend $28.8 million to fund service at these nine locations. This represents a 2.8% increase over estimated 1996 levels.

Revenue is projected to increase 1.0% over 1996 levels with projected growth in ridership of 1% to 31.5 million in 1997.

Pace Fox Valley Division serves the Aurora and North Aurora area

Total expense growth has been limited to 2.0% over estimated 1996 levels in order to balance the budget to restricted funding levels. The 2.0% growth in expenses is actually less when adjusted for service that was transferred from a private contractor to a Pace operated service in the third quarter of 1996.

Non-vehicle maintenance costs are exhibiting the largest rate of growth of all expense categories in 1997. Recent facility expansion is contributing to added maintenance costs for the Pace facilities.

1997 Goals

1997 goals include reaching 31,455,000 passengers and producing $23.4 million in revenue in order to reach the budgeted recovery ratio of 44.89%.

Further detail on the Pace-owned Carrier budget is provided in Appendix A.

Table 11. Budget Summary—Pace-Owned Carriers (000's)

	1995 Actual	1996 Estimate	1997 Budget
Revenue	$ 22,606	$ 23,208	$ 23,440
Expenses			
Operations	34,041	34,697	35,554
Maintenance	10,753	11,301	11,522
Non-Vehicle Maintenance	1,388	1,384	1,521
General Administration	3,577	3,818	3,619
Total Expense	$ 49,759	$ 51,200	$ 52,216
Funding Requirements	$ 27,153	$ 27,992	$ 28,776
Recovery Rate	45.43%	45.33%	44.89%
Ridership	30,802	31,143	31,455

1997 PUBLIC CONTRACTED SERVICE BUDGET

Pace contracts with the local municipalities of Highland Park, Niles, and Melrose Park for fixed route bus service.

The public contract carrier expense growth funded by Pace in 1997 will be limited to 1.3% or a $22,000 increase over estimated 1996 levels. This level of growth is consistent with the funding growth provided to Pace by the RTA.

Niles local service is contracted for by Pace. New Chance vehicles were provided to Niles in 1995.

Revenue and ridership levels are assumed to remain constant in 1997 to estimated 1996 levels. Consequently, recovery performance will decline for this carrier group as expenditures grow and revenues remain unchanged.

1997 Goals

1997 goals include maintaining 1,046,000 passengers and achieving a recovery rate of no less than 41.42%.

Detailed information for the Public Contract Service budget is provided in Appendix A

Table 12. Budget Summary—Public Contracted Services (000's)

	1995 Actual	1996 Estimate	1997 Budget
Revenue	$ 641	$ 700	$ 700
Expenses			
Operations	$ 1,070	$ 1,111	$ 1,150
Maintenance	338	356	336
Non-Vehicle Maintenance	0	0	0
General Administration	231	200	203
Total Expense	$ 1,639	$ 1,667	$ 1,689
Funding Requirement	$ 998	$ 967	$ 989
Recovery Rate	39.11%	41.97%	41.42%
Ridership	1,046	1,046	1,046

[illegible]

In 1997, Pace will contract directly with 10 private transit providers for fixed route service in 71 different communities.

The total net cost for providing this service will decline $213,000 or 3.4%. The decline in net costs is consistent with a reduction in expenditures coming as a result of the transfer of a private contract service to a Pace operated service as well as planned reductions/eliminations in service required to balance the 1997 budget.

Colonial Bus Service at Prairie Stone development in Hoffman Estates

After adjusting for service changes, base farebox revenue and ridership are expected to increase approximately 1% in 1997 over 1996. A slight ridership loss is expected in 1996 due to the transfer of a route to a Pace division in the latter part of 1996.

Private contractors doing business with Pace include:

Car Enterprises
Colonial Coach Lines
DAR Systems
Keeshin Charter Service
Neal's Bus Service
Olson Transportation
Pauline Transportation
Robinson Coach
Ryder Student Transportation
Vancom

The budget for private contracted services is summarized on the table below.

1997 Goals

1997 goals for the Private Contracted Services include carrying 2,962,000 riders at a minimum recovery rate of 33.29%.

Table 13. Budget Summary—Private Contract Carriers (000's)

	1995 Actual	1996 Estimate	1997 Budget
Revenue	$ 3,105	$ 3,027	$ 3,057
Operating Expenses	9,391	9,364	9,181
Funding Requirement	$ 6,286	$ 6,337	$ 6,124
Recovery Rate	33.06 %	32.33%	33.29%
Ridership	2,939	2,932	2,962

Dial-a-ride service is available in a large portion of the Pace service area (reference Map 2, page 5). Nearly all service is provided with Pace-owned paratransit vehicles.

Pace contracts directly with private providers for the operation of 18 Dial-a-Ride projects. The communities served continue to provide financial support for these projects through "local share agreements" with Pace. Pace now receives funding to help cover a portion of Dial-a-Ride service costs through 33 local share agreements.

Pace has maintained grant agreements with villages and townships for the operation of 33 other Dial-a-Ride projects. In most cases, the local community operates the service. Pace's funding formula for grant agreements is based on providing a subsidy of $2.50 per trip or 75% of deficit, whichever is less ($2.50/75%).

The budget shown in Table 14 assumes continuation of the $2.50/75% subsidy formula and includes continued funding of the restructured service in DuPage County for 1997. However, given the severe limitations in funding growth (1.3%) allowed Pace by the RTA for 1997, Pace will also apply this 1.3% limitation to subsidy growth for dial-a-ride service. The net effect of this decision will mean that local providers will have to increase local support as part of their 1997 programs or reduce service levels. Pace will work with each of our funding partners to make the necessary adjustments.

1997 goals for the Dial-a-Ride program include carrying 1,377,000 passengers at a recovery rate of no less than 51.68%.

Dial-a-Ride service costs are summarized on the following table.

TABLE 14. BUDGET SUMMARY—DIAL-A-RIDE SERVICES (000'S)

	1995 Actual	1996 Estimate	1997 Budget
Revenue			
Fares	$ 1,036	$ 1,078	$ 1,088
Local Share	2,931	3,087	3,283
Total Revenue	$ 3,967	$ 4,165	$ 4,371
Expenses			
Operations	$ 6,678	$ 6,966	$ 7,173
Maintenance	472	481	501
Administration	695	752	784
Total Expenses	$ 7,845	$ 8,199	$ 8,458
Funding Requirement	$ 3,878	$ 4,034	$ 4,087
Recovery Ratio	50.57%	50.80%	51.68
Ridership	1,320	1,360	1,377

1997 ADA PARATRANSIT SERVICES BUDGET

In compliance with the Americans with Disabilities Act, Pace submitted a plan for the provision of complementary paratransit service to the Federal Transit Administration (FTA) in January, 1992. The plan is updated annually in accordance with FTA requirements each January.

Pace will provide 408,000 ADA paratransit trips in 1997.

The current plan calls for a $1.2 million expansion of ADA service levels in 1997, increasing the cost to $7,650,000. This represents a 19.5% increase in expenditures over 1996 and brings Pace to full compliance levels as called for in the plan. The ADA service area is depicted on Map 3 (page 6).

In 1997, Pace proposes to raise ADA fares from $1.50 to $2.00 per trip. The fare increase is needed at this time to help offset the costs associated with expanded service. The fare increase is also needed as part of Pace's budget balancing efforts to maintain overall system funding requirements to within the 1.3% growth authorized by the RTA. Increasing fares will also improve the ADA recovery rate from a historically low rate not greater than 8% to a new level of 10.67%. Details of the ADA budget are summarized in the table below.

1997 Goals

1997 goals for the ADA paratransit program include bringing the program into full compliance by expanding the service to carry 408,000 passengers and raising the recovery rate to 10.67%.

Table 15. Budget Summary—ADA Paratransit Services (000's)

	1995 Actual	1996 Estimate	1997 Budget
Revenue	$ 380	$ 502	$ 816
Expenses	5,898	6,402	7,650
Funding Requirement	$ 5,518	$ 5,900	$ 6,834
Recovery Ratio	6.45%	7.84%	10.67%
Ridership	288	334	408

Pace had implemented paratransit service on a countywide basis in Cook and DuPage Counties in 1990 as part of our plan to comply with the accessibility (section 504) regulations that preceded the ADA. Subsequently, the FTA issued rules for transit systems' compliance with the ADA which required the provision of ADA paratransit service in corridors which extend a minimum of 3/4 of a mile on either side of a fixed route. This interpretation significantly reduced the ADA paratransit service area in Cook and DuPage Counties (reference Map 3, page 6.)

The RTA has taken the position that it will not provide funding to Pace for service provided beyond the minimum 3/4 mile corridor requirements. Therefore, Pace has budgeted for the cost of these services from its unrestricted fund balance for the past three years (1994, 1995 and 1996). In order to recover a reasonable portion of the extremely high cost (in excess of $20.00 per trip), the Pace Board increased the fare for this service from $1.50 to $5.00. While this action has decreased demand, it has made the continuation of the service possible.

In DuPage County, Pace has restructured some of the local Dial-a-Ride services to cover the trips beyond the minimum ADA service area. As mentioned in the dial-a-ride services budget section, this restructured service will be maintained, thereby helping to keep demand for the Cook-DuPage Special Services program at a status quo level.

1997 goals for the Cook-DuPage Special Services program are to maintain the service program at essentially status quo levels through year-end, providing 9,000 trips at a recovery rate of no less than 21.38%.

TABLE 16. BUDGET SUMMARY—COOK-DUPAGE SPECIAL SERVICES (000'S)

	1995 Actual	1996 Estimate	1997 Budget
Revenue	$ 38	$ 40	$ 41
Expenses	174	187	193
Funding Requirement	$ 136	$ 147	$ 152
Recovery Ratio	21.63%	21.38%	21.38%
Ridership	9	9	9

1997 VANPOOL PROGRAM BUDGET

The vanpool program is an attempt to serve commuting needs of small groups of individuals in a changing market. This program provides passenger vans to small groups, 5 to 15 people, allowing them to commute to and from work together. The program continues to be well received, with 233 vans currently in use. Pace estimates it will have 251 vans in service at year-end 1996 and projects to increase the number to 306 vans by the end of 1997. Ridership is expected to increase nearly 23% over 1996 levels commensurate with the projected growth in the number of vans in service by the end of 1997. The 1997 revenue is also expected to grow at 23% while expenses are projected to increase nearly 27% over 1996 levels.

Pace's successful Vanpool Incentive Program (VIP) element offers commuters a transit alternative in the suburban market

Pace's vanpool program is comprised of two elements: the Vanpool Incentive Program (VIP) and ADvAntage, both of which are detailed below

The budget for the total vanpool program is summarized on the following table. A chart showing the fare structure is also presented on the following page. Fares are dependent upon trip length and number of riders.

TABLE 17. VANPOOL BUDGET (000'S)

	1995 Actual	1996 Estimate	1997 Budget
REVENUE			
VIP	$ 831	$ 1,179	$ 1,446
ADvAntage	193	194	244
Total Revenue	$ 1,024	$ 1,373	$ 1,690
EXPENSE			
VIP	$ 899	$ 1,120	$ 1,398
ADvAntage	280	277	371
Total Expenses	$ 1,179	$ 1,397	$ 1,769
Funding Requirement	$ 155	$ 24	$ 79
RECOVERY RATE			
VIP	92.42%	105.27%	103.43%
ADvAntage	68.88%	69.90%	65.77%
Total Recovery Rate	86.81%	98.24%	95.52%
RIDERSHIP			
VIP	515	903	1,058
ADvAntage	259	325	450
Total Ridership	774	1,228	1,508
Vans in Service (year-end) - VIP	161	197	242
Vans in Service (year-end) - ADvAntage	43	54	64
Total Vans in Service	204	251	306

Vanpool Incentive Program (VIP)

The VIP Program is the core element of the program and is projected to achieve a ridership level of 1,058,000 with 242 vans in service by the end of 1997. The 1997 budgeted revenue and expenses are projected to grow at nearly the same rate (23%) over 1996 levels. As in previous years, the recovery rate is expected to exceed the 100% mark, offsetting the lower rate expected from the ADvAntage element.

Pace has begun experimenting with an additional phase of the VIP program—the Corporate Shuttle Program. This program provides vans to suburban employers to shuttle employees to and from nearby transit connections with CTA, Metra and Pace facilities. Thus far, there are ten vans operating under this program and Pace expects more interest as employers are made aware of this program.

ADvAntage Program

In 1994, Pace expanded the program to include the ADvAntage element. ADvAntage is intended to provide a transit alternative to individuals with disabilities that commute on a regular basis to work sites or rehabilitative workshops. It is an alternative to those unable to use the regular ADA service or those living outside the 3/4 mile service area. This program will be greatly expanded in 1997, allowing for a 38% increase in ADvAntage ridership over 1996 levels and increasing the number of vans in service to 64 vans by 1997 year-end. While still high at 65.8%, the recovery rate is not expected to reach the levels attained by the VIP program.

1997 Goals

1997 goals for the entire Vanpool Program include carrying 1,508,000 passengers at a 95.5% recovery rate and increasing the number of vans in service to 306 by the end of 1997.

The ADvAntage program has grown rapidly since implemented in 1994, with continued growth expected in the coming year

Chart N. Vanpool Fare Schedule

Daily Round Trip Van Miles	4 Pass*	5 Pass*	6 Pass*	7 Pass*	8 Pass*	9 Pass*	10 Pass*	11 Pass*	12 Pass*	13 Pass*	14 Pass*
1-20 Miles	$ 79	$ 72	$ 66	$ 62	$ 55	$ 48	$ 45	$ 45	$ 45	$ 45	$ 45
21-30 Miles	$ 83	$ 76	$ 70	$ 67	$ 59	$ 52	$ 47	$ 45	$ 45	$ 45	$ 45
31-40 Miles	$ 87	$ 80	$ 74	$ 72	$ 63	$ 56	$ 50	$ 46	$ 45	$ 45	$ 45
41-50 Miles	$ 91	$ 84	$ 78	$ 76	$ 66	$ 59	$ 53	$ 48	$ 45	$ 45	$ 45
51-60 Miles	$ 95	$ 88	$ 82	$ 80	$ 70	$ 62	$ 56	$ 51	$ 47	$ 45	$ 45
61-70 Miles	$ 99	$ 92	$ 86	$ 83	$ 73	$ 65	$ 58	$ 53	$ 49	$ 45	$ 45
71-80 Miles	$103	$ 96	$ 90	$ 87	$ 76	$ 67	$ 61	$ 55	$ 51	$ 47	$ 45
81-90 Miles	$106	$ 99	$ 93	$ 90	$ 79	$ 70	$ 63	$ 57	$ 52	$ 48	$ 45
91-100 Miles	$109	$102	$ 96	$ 93	$ 81	$ 72	$ 65	$ 59	$ 54	$ 50	$ 46
101-110 Miles	$112	$105	$ 99	$ 95	$ 83	$ 74	$ 67	$ 61	$ 56	$ 51	$ 48
111-120 Miles	$115	$108	$102	$ 97	$ 85	$ 76	$ 68	$ 62	$ 57	$ 52	$ 49
121-130 Miles	$118	$111	$105	$ 99	$ 87	$ 78	$ 69	$ 63	$ 58	$ 53	$ 50
131-140 Miles	$121	$114	$108	$102	$ 90	$ 81	$ 72	$ 66	$ 61	$ 56	$ 53

** The van driver is excluded from this passenger/van count*

[illegible] CMAQ [illegible] Pace [illegible]

In June, 1996, Pace received a Federal Congestion Mitigation/Air Quality (CMAQ) program award to cover the costs associated with the start-up and implementation of several new services in the Pace six county region. Upon receipt of this award, Pace immediately began implementing several of the proposed services. The table below shows the costs estimated for the new program for the latter half of 1996 and full year costs estimated for 1997 after a larger part of the program has been implemented. Full year estimates show this program will cost nearly $2.3 million, will generate an estimated 718,000 in additional riders, will represent a significant increase in the budget and will require a substantial endeavor by Pace in 1997.

This is not Pace's first CMAQ award. Pace received a CMAQ award for funding the start-up and maintenance of additional service when the CTA opened the new Orange Line which serves the southwest section of the City and surrounding suburbs. These services have proven to be productive and are now incorporated into Pace's base service program.

The new CMAQ program is comprised of both fixed route and express bus new initiatives titled the Fast Plus Bus Service element and the Express Bus Demonstration element, respectively. Both elements are briefly summarized on the following page and the 1997 budget for this program is also highlighted in the table below.

1997 GOALS

The goals for this program in 1997 include producing 718,000 in new riders for Pace and achieving a 28.69% recovery ratio.

TABLE 18. BUDGET SUMMARY—CMAQ SERVICES (000'S)

	1996* Estimate	1997 Budget
Revenue	$ 145	$ 919
Expenses	723	3,203
Funding Requirement	$ 578	$ 2,284
Recovery Ratio	20.00%	28.69%
Ridership	182	718

**No service operated prior to July, 1996*

PROGRAM DESCRIPTION

• Fast Plus Bus Service

North Central–A supplemental bus service that provides service to and from each train station along the new North Central Metra Line during times when no train service is available.

Hodgkins Service Connections–A start-up service which connects the new United Parcel facility in Hodgkins with the CTA rapid transit service at Midway on the Orange Line and Pace's Homewood park-n-ride

Huntley and LaFox Metra Route Extensions–A shuttle-type service linking park-n-ride lots in these two areas with nearby Metra lines. The effort here will be to link commuters to rail lines until future Metra stations are built.

• Express Bus Demonstrations

Joliet-Naperville–A rush hour service targeted toward residents in central and north Will County that work in Naperville/Warrenville.

Elgin-Schaumburg–A weekday rush hour service targeted toward residents of the Elgin area who need transportation to the employment centers in Schaumburg and Hoffman Estates.

Waukegan to Lake-Cook Road–A rush hour service targeted toward connecting residential areas of northern Lake County with the employment centers along Lake-Cook Road

Rosemont CTA Station to Lake-Cook Road–A rush hour service between the Rosemont CTA station and Lake-Cook Road linking passengers from the Northwest side of Chicago and O'Hare Airport

Chicago to Suburban Employment Markets–Multiple subscription bus routes serving the reverse commute markets from Chicago to suburban employment areas.

Pace's Buffalo Grove Transportation Center which opened in 1992 is now adjacent to the newly opened North Central Metra Rail Station

The 1997 centralized support budget of $15.5 million provides for a total support staff of 84 positions in the bus operations and materials management areas. The budget includes expenses relating to the procurement of commonly used goods and services by all Pace carriers. The procurement, management, and control of these goods and services are now the direct responsibility of the materials management department. Centralization of the procurement function allows for greater cost efficiencies and improved inventory management

In 1996, centralized support expense is estimated to end the year 5.9% below 1995 year-end levels. The significant claims liability expense level which occurred during the latter half of 1995 is not expected to be repeated in 1996

Due to funding constraints, the 1997 central support budget has been held constant at 1996 budgeted levels and represents a 7% decrease from 1996 estimated levels The 1996 estimated levels are higher due to fuel costs which are expected to finish over budget in 1996 The outlook for fuel is more optimistic in 1997, thereby causing the decline in total 1997 budgeted central support costs

Looking at the individual components of the central support budget, operations expense will increase 1%. The operations area includes 41 positions that provide support to all operating areas at Pace.

The maintenance area is comprised of 43 positions and includes both maintenance specialists as well as materials management personnel. Total maintenance expense is estimated to decline 1 3% from 1996 levels. Most of this decrease is attributed to the fuel expense which is projected at lower levels during 1997. Centralized parts and supplies are included here and provide for a slight increase in 1997.

Non-vehicle maintenance expenses (building and bus shelter repairs) are projected to remain flat to estimated 1996 levels.

The administration portion of the centralized support budget is comprised of marketing, revenue collection, liability insurance, and acceptance facility expenses. These expenses are expected to decline slightly from estimated 1996 year-end levels.

1997 Goals

1997 budgetary goals for centralized support include constraining costs to 1996 budgeted levels and maintaining a staffing level of 84 positions.

Further detail of the following table is provided in Appendix A.

Table 19. Centralized Support Budget (000's)

	1995 Actual	1996 Estimate	1997 Budget
Operations	$ 1,882	$ 1,950	$ 1,969
Maintenance (includes fuel)	5,819	6,431	6,346
Non-Vehicle Maintenance	140	145	145
Administration (includes insurance)	8,681	7,022	6,987
Total	$ 16,522	$ 15,548	$ 15,447

1997 Administrative Budget

The 1997 administrative budget provides for 148 positions at an estimated total cost of $10.5 million. Pace administration is responsible for managing all of the agency's administrative responsibilities, including accounting, financial and capital assistance programs, marketing, legal services and risk management.

The following table summarizes the two major categories of the administrative budget. Non-Vehicle Maintenance which represents building maintenance expenses, and the Administration category. Administration includes labor, parts and supplies, and other expenses.

In 1996, administrative expense is estimated to end the year $832,000, or 8.6% over 1995 levels.

Due to limited funding constraints, Pace will hold the growth of non-labor components of the administrative budget at essentially 1996 budgeted levels.

Labor and fringe benefit costs will grow at 4.7%. Growth in health care costs is the main factor causing this area to exceed inflationary growth levels. Pace will also hold staffing levels constant in 1997.

Parts and supply expenditures will be held to an increase of 1.0%, while utilities remain essentially at estimated 1996 levels. The "Other" category consists of the remaining expenses which are further separated into Support and Service expenditures. These expenses will decline nearly 9.0% as a result of cost-containment efforts for 1997.

1997 budgetary goals for administration include holding non-labor expenditures at the level of the 1996 budget and maintaining a constant staff level of 148 positions.

Further detail on the administrative budget is provided in Appendix A.

Pace Headquarters Facility in Arlington Heights

Table 20. Administrative Budget (000's)

	1995 Actual	1996 Estimate	1997 Budget
Non-Vehicle Maintenance	$ 128	$ 145	$ 140
General Administration			
Labor/Fringe benefits	6,662	6,889	7,212
Parts/Supplies	273	275	278
Utilities	135	151	151
Other	2,461	3,031	2,760
Total	$ 9,659	$ 10,491	$ 10,541

The Pace organization is comprised of three primary elements: administration, central support, and Pace-Owned divisions. Within each element, employees are classified into four activity areas of operations, maintenance, non-vehicle maintenance and administration. These activity areas are defined by the Federal Transit Administration's Section 15 reporting requirements which apply to all public transit operators. Beginning in late 1996 and for all of 1997, Pace will implement new CMAQ funded services which will require expanded personnel requirements. To illustrate the impact of these staffing needs beyond the base requirement, we have added a fourth element to the FTE table (Table 21).

The administration element is budgeted at 148 filled full-time equivalents (FTE's) for 1997, representing no increase from 1996. The administration is located at the Arlington Heights facility and is comprised of the functional areas which report to the Executive Director and the Deputy Executive Director of Planning and Administration as indicated on the Organizational Chart on page 45.

The central support element is budgeted at 84 filled FTE positions for 1997, no increase from 1996 estimated levels. Central support is comprised of the functional areas reporting to the Deputy Executive Director of Operations and the materials management function as shown on the organization chart.

The Pace division element is comprised of the nine Pace division garages and is budgeted at 1,060 filled FTE positions for 1997, with no increase from 1996. The Pace divisions which are located throughout the region (reference Map 4, page 9) report to the Deputy Executive Director of Operations who, in turn, reports to the Executive Director as indicated on the organization chart.

The CMAQ element is budgeted at 33 filled FTE positions for 1997. Staffing will begin in 1996 and is expected to be at full levels by year-end 1997.

Table 21. Full-Time Equivalent Personnel (FTE's)

1995 ACTUAL

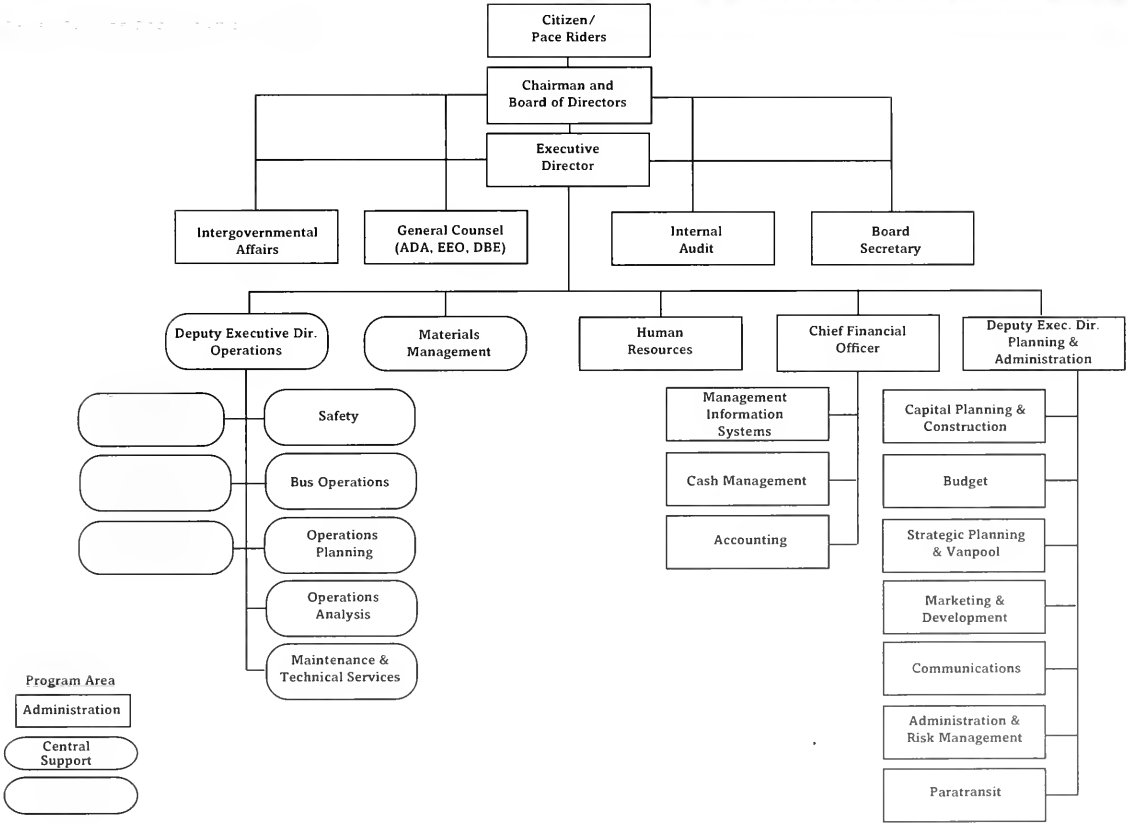
Area: / Activity	Administration	Central Support	Pace Divisions	CMAQ	Total
Operations	0	42	806	0	848
Maintenance	0	42	200	0	242
Non-Vehicle Maintenance	0	0	15	0	15
Administration	145	0	37	0	182
Total	145	84	1,058	0	1,287

1996 ESTIMATED

Area: / Activity	Administration	Central Support	Pace Divisions	CMAQ	Total
Operations	0	43	808	26	877
Maintenance	0	41	200	7	248
Non-Vehicle Maintenance	0	0	15	0	15
Administration	148	0	37	0	185
Total	148	84	1,060	33	1,325

1997 BUDGET

Area: / Activity	Administration	Central Support	Pace Divisions	CMAQ	Total
Operations	0	43	808	26	877
Maintenance	0	41	200	7	248
Non-Vehicle Maintenance	0	0	15	0	15
Administration	148	0	37	0	185
Total	148	84	1,060	33	1,325


Citizen/
Pace Riders
Chairman and
Board of Directors
Executive
Director
Intergovernmental
Affairs
General Counsel
(ADA, EEO, DBE)
Internal
Audit
Board
Secretary
Deputy Executive Dir.
Operations
Materials
Management
Human
Resources
Chief Financial
Officer
Deputy Exec. Dir.
Planning &
Administration
Safety
Bus Operations
Operations
Planning
Operations
Analysis
Maintenance &
Technical Services
Management
Information
Systems
Cash Management
Accounting
Capital Planning &
Construction
Budget
Strategic Planning
& Vanpool
Marketing &
Development
Communications
Administration &
Risk Management
Paratransit
Program Area
Administration
Central
Support

The 1997 capital program totals $28 6 million for the existing Pace system The Regional Transportation Authority (RTA), the Federal Transit Administration (FTA), the Federal Highway Administration (FHWA), and the Illinois Department of Transportation (IDOT) are expected to provide $28 3 million while Pace will commit $ 3 million from its own funds

The program contains $10 0 million for the replacement of 23 fixed route buses, 32 replacement paratransit buses and 50 expansion and 61 replacement vanpool vehicles

Major facilities projects totalling $10 4 million are included in the 1997 program Highlights include construction of a new administrative headquarters facility and improvements to garages and passenger facilities

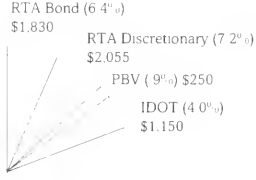
The more major garage and passenger facility improvements include replacement of bus washers, HVAC upgrades, exhaust vehicle repair systems and an underground sprinkler system for the Northwest Transportation Center in Schaumburg

In addition, $8 2 million is programmed for signs/shelters, passenger amenities, maintenance equipment, office equipment, computer equipment, major vehicle components and contingencies/project administration

Lastly, Pace will apply for Federal Highway Administration (FHWA) funding in the amount of $ 5 million to support its Transit Vehicle Management System (TVMS) and to purchase other passenger information aids.

TABLE 22. 1997 CAPITAL PROGRAM (000'S)

	Amount
Rolling Stock	$ 9,992
Support Facilities	10,393
Support Equipment	6,940
Contingencies/Project Administration	1,265
Grand Total	$ 28,590



Federal (Sec 3/9.CMAQ.FHWA)
(81 5%) $23.305

Over 81% of Pace's program is funded with Federal funds

Major focus of the 1997 program will be on replacing and upgrading garages and support facilities and replacing its rolling stock

[illegible] Pace,

Funding process

Each year the RTA issues the Capital Program funding marks to guide the development of the upcoming fiscal year's Capital Program.

Federal Funding

Presently, Federal Capital funds are allocated 58% to CTA, 34% to Metra and 8% to Pace. This percentage basis allocation has been in place since 1985 and has contributed greatly to Pace's success in obtaining capital funds. There are three federal sources projected for 1997–2001 These include: (1) discretionary funds, commonly known as Section 3 funds, which Pace is eligible to receive for bus procurements, (2) apportionment funds, commonly known as Section 9 funds, which Pace uses for its overall capital needs, and (3) flexible funds such as Surface Transportation Program funds (STP) and Congestion Mitigation and Air Quality (CMAQ) funds, which are available for use in specified transit projects like Pace's vanpool program The Section 9 funds are the only funds which are allocated by the RTA to the Service Boards on the percentage basis Section 3 and CMAQ funds are funds which Pace competes for nationally and are not subject to the allocation by the RTA. At the present time, Pace does not know how much Section 3 or CMAQ funds it will receive; therefore, assumptions have been made as to how much Pace expects to receive. Failure to secure these funding levels will have a serious effect on its 1997 capital program. Lastly, for the first time, Pace will apply for Federal Highway Administration (FHWA) funding to support special transit technology.

State Funding

The State of Illinois each year makes two types of funding available. One is IDOT "B" Bonds and the other is General Revenue Funds (GRF) which are typically used for non-bondable items such as Pace's paratransit vehicles. In both 1995 and 1996, the State legislature failed to authorize the "B" Bond program. While RTA has projected figures for 1997–2001, there is no guarantee that the authorization bill will be considered in the Fall 1996 veto session. Additionally, the GRF funds are unlikely this year.

IDOT will not allocate funds to the Service Boards. Rather, they prefer to make funding decisions based on the merits of the projects. For 1997, we anticipate that IDOT will only fund our fixed route buses with a useful life of 12 years. While RTA assumes that $35.0 million will be available, Pace could compete for 8% or $2.8 million; however, it is likely that Pace will receive no more than $1 1 million

RTA Funding

The RTA funding sources include Bond and Discretionary funds. Since Pace has programmed its entire allocation of RTA Bond funds, no new funding will be available in 1997. In addition, Pace needs approximately $1.1 million in new RTA discretionary funds to match the Federal program.

In anticipation of the funding shortfall in 1997, Pace reserved 1996 RTA discretionary funds for carryover and use in 1997. This totals $.9 million. Furthermore, Pace will deobligate approximately $1.8 million in RTA SCIP Bond funds from existing grants for use in 1997.

In 1996, Pace completed an 80 car park-n-ride lot in Burr Ridge (above)

Pace PBV Funds

Each year Pace is required to use some portion of its own funds to meet its capital needs. The program contains $.3 million for unanticipated capital items.

TABLE 23. 1997 CAPITAL PROGRAM (000'S)

Project Description	Amount
ROLLING STOCK	
Purchase up to 23 35' Replacement Fixed Route Buses	$ 5,520
Purchase up to 32 Replacement Paratransit Buses	1,808
Purchase up to 50 Expansion Vans for Vanpool	1,200
Purchase up to 61 Replacement Vans for Vanpool	1,464
Subtotal Rolling Stock	$ 9,992
SUPPORT FACILITIES	
Construction Headquarters Facility	$ 7,500
Improvements to Garages/Facilities	2,893
Subtotal Support Facilities	$ 10,393
SUPPORT EQUIPMENT	
Maintenance/Support Equipment	$ 616
Associated Capital/Maintenance Expenses	3,610
Office Equipment	200
Computer Equipment	1,137
Passenger Amenities	127
Ad Shelters	250
Signs and Shelters	250
Gary-Chicago-Milwaukee Corridor Projects	500
Unanticipated Capital	250
Subtotal Support Equipment	$ 6,940
Contingencies/Project Administration	$ 1,265
Grand Total	$ 28,590

A park-n-ride lot is under construction in Blue Island (top) A bus lane was added to the CTA River Road station in 1996 for Pace's use (bottom)

1997 CAPITAL PROGRAM DESCRIPTION

In accordance with estimated funding levels, Pace's 1997 annual program totals $28.6 million. Pace's needs for 1997 totalled nearly $58.0 million; therefore, the program has been significantly reduced to bring the program in line with anticipated funding levels. Approximately $10.0 million will be spent on rolling stock, with the remainder going to support facilities and equipment.

Rolling Stock

• Fixed Route ($5.5 million)—The annual program includes funds to purchase twenty-three 35' buses. Twenty vehicles will replace outdated equipment at Pace's North Division garage in Waukegan and three will replace contractor-owned equipment

• Paratransit ($1.8 million)—The program includes the purchase of 32 paratransit replacement buses.

• Vanpool ($2.7 million)—The program contains the purchase of 61 replacement vanpool vehicles and 50 expansion vehicles. Pace's Vanpool Incentive Program has been very successful and growing steadily since its inception in 1991. Additional vans are needed to meet the growing demand and to replace vans which have exceeded their useful life. We expect to receive adequate CMAQ funds to pay for these vanpool vehicles at 100%.

Operating Cost Impacts

In general, Pace will avoid operating cost increases by replacing outdated equipment.

Support Facilities

The program contains $10.4 million for support facilities.

• Pace Administrative Headquarters Facility ($7.5 million)—In 1996, Pace purchased property to the east of the existing headquarters building. Based on cost benefit analyses, Pace plans to construct a new headquarters facility on the site.

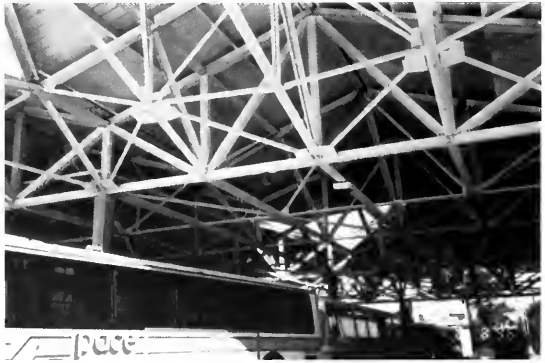
Operating Cost Impacts

Pace recently completed an assessment of the condition of its existing headquarters building. The building was built in 1965 and in need of major renovation and upgrades. It was determined that it would be more cost-effective to construct a new facility rather than renovate and expand the current facility which has exceeded its useful life.

• Improvements to Garages/Facilities ($2.9 million)—The program contains funds to repair and replace fixed facility equipment at its garage facilities.

Operating Cost Impacts

In general, Pace will control operating costs by implementing these projects by avoiding increased costs associated with ongoing repairs.



In 1996, Pace completed a structural steel renovation project at the Elgin Transportation Center.

Support Equipment

This category involves the purchase of maintenance/support equipment, passenger shelters and signs, office and computer equipment, passenger amenities, and enhancements for Pace's proposed Transit Vehicle Management System (TVMS).

• Maintenance Equipment ($.6 million)—This category includes the purchase of miscellaneous tools and support equipment for Pace's operating garages and replacement cars.

• Associated Capital/Maintenance Expenses ($3.6 million)—This amount includes funds for the replacement of engines, transmissions, etc., for fixed route and paratransit vehicles. Additionally, because of a change in the Federal Section 9 program, FTA will now reimburse transit agencies for up to 20% of its annual operating expenses spent on maintenance of its rolling stock. For the first time, Pace will use capital funds for this purpose.

• Office Equipment ($.2 million)—This line item covers the purchase of office equipment for the garages, copiers for the garages and headquarters, projectors, video sets for training, etc.

• Computer Equipment ($1.1 million)—This line item covers the purchase of computer hardware and software for the garages and headquarters.

• Passenger Amenities ($.1 million)—This line item includes funds for display signs and schedule printers for the buses.

• Shelters/Signs ($.5 million)—This line item includes funds for the ad shelter and regular bus shelter programs as well as bus stop signs.

• Gary-Chicago-Milwaukee Corridor Projects ($.5 million)—This line item contains funds for the continued funding of TVMS equipment and other passenger information aids.

• Unanticipated Capital ($.3 million)—This line item includes funds from Pace's PBV for unanticipated capital items which may be necessary in this budget year.

• Contingencies/Administration ($1.3 million)—This line item contains funds for staff time spent on the administration of capital projects and contingencies.

Pace recently replaced bus washing equipment in Markham, Melrose Park and Heritage.

Operating Cost Impacts

No significant cost impacts are anticipated due to the purchase of support equipment. However, several projects such as ad shelters and schedule printers may have a favorable impact on the operating budget once the programs are fully operational.

The funding estimates as set forth by RTA will have a major financial impact on Pace. RTA is estimating that for the five year period, 1997–2001, Pace will receive $130.9 million. Pace's needs for this same period totals $313.7 million, leaving a $182.7 million shortfall. Table 24 shows Pace's needs versus the anticipated funding which will be available.

The RTA issued capital funding marks on September 5, 1996, by RTA Board ordinance 96-41. These funding marks assume the following:

• The 1997 funding for Federal Section 3, 9 and Flexible Funds (CMAQ) is assumed to be the mid-point between the proposed House and Senate appropriation levels. The Section 3 and 9 funding marks assume that the 1998–2001 allocation will be held constant at the 1997 levels. Pace expects to receive $106.3 million in Federal funds over the five year period.

• The 1997 funding marks for State of Illinois, IDOT "B" Bonds are based upon the IDOT pending annual appropriation bill. The 1998–2001 funds are projected at the historic funding level. Pace is expected to receive approximately $15.1 million from IDOT for the five year period.

• The 1997 and 1998 RTA discretionary funds are based on the 1997–1998 RTA Financial Plan with 1999–2001 held at 1998 levels. Pace expects to receive $6.5 million in RTA discretionary funds for the five year period.

• The 1997–2001 RTA Bond Program is exhausted and no additional funding is projected by the RTA. The only RTA bond money expected in 1997 comes from funds reprogrammed from previous grant years.

Due to the significant shortfall in funding, Pace will be forced to defer numerous projects and develop ways to extend the life of its fixed route buses.

TABLE 24. 1997-2001 CAPITAL FUNDING SUMMARY (000's)

	1997	1998	1999	2000	2001	Total
Total Needs	$ 28,590	$ 72,300	$ 72,300	$ 61,700	$ 78,800	$ 313,700
FUNDING						
Federal	$ 23,305	$ 20,690	$ 20,790	$ 20,590	$ 20,890	$ 106,265
IDOT	1,150	3,500	3,500	3,500	3,500	15,150
RTA Bond	1,830	0	0	0	0	1,830
RTA Discretionary	2,055	1,110	1,110	1,110	1,110	6,495
PBV	250	250	250	250	250	1,250
Total	$ 28,590	$ 25,550	$ 25,650	$ 25,450	$ 25,750	$ 130,990
Shortfall	$ 0	$ (46,750)	$(46,650)	$(36,250)	$(53,050)	$(182,710)

Pace's unconstrained needs are depicted by asset category on Table 25

Listed below is a discussion of the overall impacts the funding shortages will have on our program needs.

Table 26 depicts that 371 fixed route buses will need to be replaced. However, funding will be available for only 150 vehicles during the five year period. Therefore, 221 vehicles will need to operate beyond the normal useful life. This may require life extension repairs for some vehicles.

Paratransit buses, on the other hand, will need to be replaced on a four year cycle since extending the life of this equipment is not an option. These vehicles are van-type vehicles and the rebuilding of major component parts is generally not cost-effective

Vanpool vehicles will be replaced every four years based on the standard useful life. The five year capital program assumes Pace will receive sufficient funding through the Federal CMAQ program to accomplish this goal

TABLE 25. 1997-2001 CAPITAL NEEDS–UNCONSTRAINED

	1997	1998	1999	2000	2001	Total
ROLLING STOCK						
Fixed Route	$ 5.5	$ 1.2	$ 26.3	$16.6	$45.5	$ 95.1
Paratransit	1.8	6.1	4.6	9.4	1.2	23.1
Vanpool	2.7	2.8	2.4	3.6	1.5	13.0
Total	$10.0	$10.1	$ 33.3	$29.6	$48.2	$131.2
ELECTRICAL/SIGNAL/COMMUNICATIONS						
TVMS	$ 0.0	$21.0	$ 3.0	$ 2.0	$ 2.0	$ 28.0
Total	$ 0.0	$21.0	$ 3.0	$ 2.0	$ 2.0	$ 28.0
SUPPORT FACILITIES						
Garages	$ 2.9	$10.7	$ 7.2	$ 3.7	$ 1.8	$ 26.3
Admin Building	7.5	0.5	0.0	0.0	0.0	8.0
Passenger Facilities	0.0	22.7	20.3	17.8	17.8	78.6
Total	$10.4	$33.9	$ 27.5	$21.5	$19.6	$112.9
SUPPORT EQUIPMENT						
Signs/Shelters	$ 0.5	$ 0.7	$ 0.7	$ 0.7	$ 0.7	$ 3.3
Maintenance Equipment	0.6	0.7	0.8	0.7	0.8	3.6
Office Equipment/Furniture	0.2	0.3	0.5	0.5	0.5	2.0
Computer Equipment	1.1	1.0	1.5	1.5	1.5	6.6
Associated Capital/Other	5.8	4.6	5.0	5.2	5.5	26.1
Total	$ 8.2	$ 7.3	$ 8.5	$ 8.6	$ 9.0	$ 41.6
Grand Total	$28.6	$72.3	$ 72.3	$61.7	$78.8	$313.7

Table 26. 1997-2001 Rolling Stock Replacement Impacts (Units)

Fixed Route Buses	1997	1998	1999	2000	2001	Total
Need	23	0	100	71	177	371
Program	23	0	47	36	44	150
Shortfall	0	0	(53)	(35)	(133)	(221)

Pace riders board a special events bus at the Northwest Transportation Center in Schaumburg

Electrical/Signal/Communications

The sole project in this category is the Transit Vehicle Management System or TVMS, for which there is $8.0 million covered in approved and pending grants. Pace has programmed only $5.0 million for the five years, leaving a shortfall of $23.0 million.

Support Facilities

Pace's needs for the repair and expansion of bus garages and construction of passenger facilities which includes park-n-ride lots and transportation centers total $112.9 million. Pace has programmed $12.9 million for this asset category as shown on Table 27. In the absence of increased funding, Pace will have insufficient funding to repair and upgrade its existing fixed facilities. Additionally, Pace will not have sufficient funds to expand its Southwest, North Shore and Fox Valley garages or construct new garages in DuPage and South Cook counties. Further, the need to construct passenger facilities consistent with Pace's Strategic Plan and the Comprehensive Operating Plan may have to be deferred.

Support Equipment

Pace's needs for support equipment totals $41.6 million. Pace's constrained budget equals $32.9 million for these projects leaving a shortfall of $8.7 million.

It is important to note that while the five year program has been balanced to the funding level anticipated, the long range capital plan for the agency will be seriously impacted if additional capital funding is not forthcoming. Pace's normal replacement of its fleet, plans for park-n-ride lots, transportation centers and signal preemption to support its existing system will remain unfunded based on anticipated funding levels.

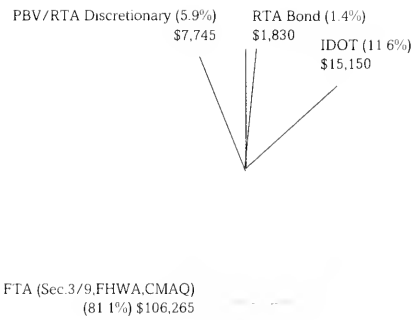
As discussed in the Issues section, Pace's proposed Five Year Capital Plan will be severely constrained and will focus on the replacement of fixed route, paratransit and vanpool equipment as a program priority.

It should be noted that Pace's Five Year Capital Plan of $131.0 million reflects Pace's program within the constrained funding estimated by the Regional Transportation Authority. If funding levels are not equal to anticipated funding levels established by the RTA, further cuts will have to be made to Pace's needs.

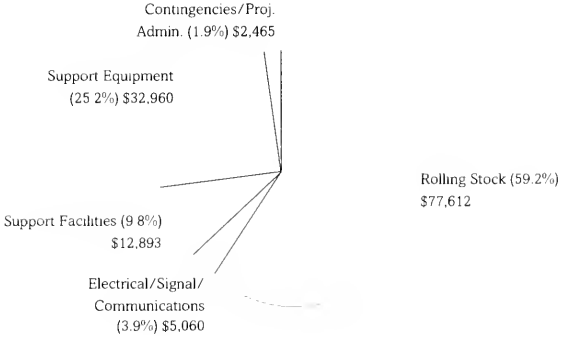
Highlights of the Five Year Capital Plan include:

- Purchase 150 accessible fixed route buses
- Purchase 388 accessible paratransit vehicles
- Purchase 479 vanpool vehicles
- Re-manufacturing of fixed route buses in order to extend vehicle life
- Improvements to garages and other fixed facilities
- Bus stop improvements and passenger amenities
- Maintenance/support equipment
- Associated capital/maintenance expense reimbursement
- Office equipment and furniture
- Computer equipment
- Signs and shelters

Sewer and parking lot improvements are currently underway at Pace's South Holland facility.



More than 81% of Pace's Progrom is funded with Federal funds



More than 1/2 of Pace's Progrom is for purchase of rolling stock

Table 27. Capital Plan 1997–2001 (000's)—Constrained

Project Description	1997 Amount	1998-2001 Amount	Total
ROLLING STOCK			
Purchase 150 Fixed Route Buses	$ 5,520	$ 31,740	$ 37,260
Purchase 388 Paratransit Vehicles	1,808	20,680	22,488
Purchase 479 Vanpool Vehicles	2,664	9,200	11,864
Bus Re-manufacturing	0	6,000	6,000
Subtotal - Rolling Stock	$ 9,992	$ 67,620	$ 77,612
ELECTRICAL/SIGNAL/COMMUNICATIONS			
TVMS	$ 0	$ 5,060	$ 5,060
Subtotal - Electrical/Signal/Communications	$ 0	$ 5,060	$ 5,060
SUPPORT FACILITIES			
Construct Headquarters Facility	$ 7,500	$ 500	$ 8,000
Improvements to Garages & Facilities	2,893	1,500	4,393
Northwest Cook Garage	0	500	500
Subtotal-Support Facilities	$ 10,393	$ 2,500	$ 12,893
SUPPORT EQUIPMENT			
Bus Stop Improvements/Passenger Amenities	$ 127	$ 400	$ 527
Maintenance/Support Equipment	616	2,000	2,616
Associated Capital/Expenses	3,610	18,220	21,830
Office Equipment/Furniture	200	1,000	1,200
Computer Equipment	1,137	1,400	2,537
Signs and Shelters	500	2,000	2,500
Gary-Chicago-Milwaukee Corridor Projects	500	0	500
Unanticipated Capital	250	1,000	1,250
Subtotal-Support Equipment	$ 6,940	$ 26,020	$ 32,960
Contingencies & Administration	$ 1,265	$ 1,200	$ 2,465
Total Pace Program	$ 28,590	$ 102,400	$ 130,990

The following section presents Pace's financial plan and fund balance for 1997 through 1999. The amended RTA Act requires the Service Boards to submit such a plan in addition to their annual programs and budgets. The final plan is required to show a balance between the funding estimates provided by the RTA and the anticipated cost of providing services for the forthcoming and two following fiscal years. Pace's proposed plan for 1997–1999 achieves this balance; however, it requires substantial reductions in operating expenses to do so.

As mentioned in the section on the 1997 operating budget, specific actions have been identified which will bring revenue, expenses and funding levels to within final RTA funding levels for 1997. For outlying years 1998 and 1999, further expense adjustments will need to be identified in order to operate within the RTA subsidy levels and recovery rates estimated for this future time period.

Two major factors are affecting subsidy levels for Pace in future years. First, the RTA is assuming that the Federal Operating Assistance appropriation will decline by 50% in 1998 and be eliminated altogether in 1999. The RTA made this same assumption when preparing last year's plan, although the Federal government did not implement their original planned cut. However, the RTA is taking a conservative approach by assuming that these cuts were only delayed by one year and will eventually be implemented as early as 1998.

The second major factor affecting future subsidy funding is the method in which the RTA is allocating monies from the Public Transportation Fund (PTF). The allocation of PTF monies to Pace in 1996 was down from 1995 levels despite the fact that Pace's sales tax revenues increased. The same is true for 1997 as the proposed distribution of PTF funds will decline from 1996, even though Pace's sales tax allocation is expected to increase. This same allocation approach is planned for outlying years 1998 and 1999. By reducing PTF, the RTA has offset the growth in suburban sales tax income to Pace.

The impact of these two factors is requiring Pace to include required expense adjustments to the system in order to balance to the proposed RTA funding marks for the outlying years.

TABLE 28. RTA/WEFA BASELINE ECONOMIC ASSUMPTIONS

	1996	1997	1998	1999	Where Applied
CPI-U (National)	2.9%	3.0%	3.0%	3.0%	Note 1
CPI-U Medical Care	3.5%	3.5%	3.9%	3.9%	Note 2
T-Bill Rate (3 Month)	4.8%	4.8%	4.8%	4.7%	Investment Income 96-99
#2 Diesel % Change	5.0%	5.3%	6.3%	6.3%	Note 3

Note 1—The general inflation rate was used in all cases where a more specific rate of growth was not known or available. These rates were used more in the outlying years 1998 and 1999 as they are beyond the range of most current contractual agreements.

Note 2—Past experience has shown that health insurance costs have exceeded this index at an average of twice this general rate. For purposes of budget development, we used rates supplied to us by our health care administrator for 1996 and 1997. For outlying years 1998 and 1999, we assumed twice the rate provided by WEFA.

Note 3—WEFA fuel price estimates for 1996 are off from current actual prices (WEFA– $.571/gallon vs. actual year-to-date average–$.68/gallon). The estimates presented in this table were used to develop the fuel budget and are based on trends for 1996 and 1997. For outlying years 1998 and 1999, we assumed the WEFA inflation rate.

The economic assumptions used to develop the budget have been provided by the WEFA Group, an economic consulting firm under contract with the RTA However, Pace also subscribes to the Blue Chip Economic Indicator Report This report provides a consensus of several key economic indicators—including inflation as measured by the consumer price index (CPI). The Blue Chip consensus estimate for inflation was used for 1996 and 1997 and the Blue Chip inflation rate for 1997 was held constant for outlying years. WEFA assumptions were used primarily for the other categories. The key assumptions and their application used to develop the Pace three year plan are summarized on Table 28

Numerous individual projections and assumptions are made in order to develop the annual budget and outlying year forecasts In general, these estimates are based on the economic data shown on Table 28 The outcome of applying these assumptions to known or anticipated conditions for major expense categories is reflected on Table 29

Pace's three year plan (Table 31) shows a balance between costs and the funding estimates identified for Pace by the RTA Achieving this balance requires an increase in operating revenue of 4.2% in 1997, 1.2% in 1998, and 1.7% in 1999 Baseline operating income is expected to increase approximately 1.5% annually over the three year period A proposed fare adjustment for ADA Paratransit services is contributing to the increase in revenue in 1997 Added revenue is also coming from the new CMAQ funded services

On the expense side, growth is being restricted in 1997 in order to accommodate required service expansion of ADA Paratransit service, and to maintain base service at the maximum possible level Furthermore, annual expenses will be restricted to grow at an annual compound rate of only 9% over the three year plan in response to the RTA's less than optimistic outlook for public funding growth. In order to help balance funding requirements in 1997, Pace will also apply $1.02 million in capital funds for maintenance as allowed by the FTA At this time, this source of funds is estimated to remain constant throughout the three year plan

TABLE 29. MAJOR EXPENSE CATEGORY GROWTH OVER PRIOR YEAR

	1997	1998	1999
Labor/Fringes	2.5%	4.1%	3.9%
Parts/Supplies	3.4%	1.2%	1.6%
Utilities	3.9%	1.2%	1.7%
Fuel	(1.7%)	6.3%	6.3%
($/Gallon)	(.610)	(.648)	(.689)

Fund Balance

By containing costs through good management, Pace has been able to establish savings from its operating budget each year, except 1992. In 1992, Pace was required to use $2.2 million to balance a funding deficit that resulted from a shortfall in sales tax revenue. At the end of 1995, Pace had accumulated over $36 million in savings. The RTA has adopted a policy of allowing the Service Boards to use accumulated savings for capital projects or one-time operating expenses. Between 1984 and 1996, Pace has committed more than $32.1 million for capital projects funded out of this reserve.

In 1995, Pace performed favorable to budget earning $1.1 million in savings; however, planned expenditures of $331,000 reduced the amount of fund balance available at year-end.

Pace expects to finish 1996 at budget. This includes the use of $147,000 of fund balance to fund Cook-DuPage service in 1996. Expenditures for capital projects from fund balance are estimated at $4.9 million for 1996.

During 1997, Pace plans to expend $250,000 for capital projects in addition to the $152,000 for the continuation of the Cook-DuPage Special Service Program. These planned expenditures will nearly exhaust Pace's unrestricted fund balance by the end of 1997.

The following table identifies the capital and operating fund requirements by Pace from 1986 to 1995 and proposed obligations for 1996 to 1999.

Table 30. Capital and Operations Funding Provided Via Pace Fund Balance (000's)

	Capital	Operations
1986	$ 1,959	-
1987	$ 1,950	-
1988	$ 7,611	-
1989	$ 6,192	-
1990	$ 415	-
1991	$ 285	-
1992	$ 5,281	$ 2,240
1993	$ 1,113	$ -
1994	$ 2,101	$ -
1995	$ 331	$ -
1996	$ 4,930	$ 147
1997	$ 250	$ 152
1998	$ 250	$ -
1999	$ 250	$ -
Grand Total	$ 32,918	$ 2,539

Table 31. 1997-1999 Three Year Plan and Fund Balance (000's)

	1995 Actual	1996 Estimate	1997 Proposed	1998 Projected	1999 Projected
REVENUES					
Farebox	$ 30,343	$ 31,251	$ 32,031	$ 32,343	$ 32,661
Fare Reimbursement	2,052	1,780	1,780	1,780	1,780
Investment/Other	2,295	2,279	1,956	1,819	1,723
Advertising	1,064	1,000	1,050	1,125	1,204
Vanpool	1,024	1,373	1,690	1,958	2,308
Cook-DuPage Special Services	38	40	41	0	0
CMAQ	0	145	919	916	943
Total Revenue	$ 36,816	$ 37,868	$ 39,467	$ 39,941	$ 40,619
OPERATING EXPENSES					
Labor/Fringes	$ 56,234	$ 58,114	$ 59,557	$ 62,000	$ 64,391
Parts/Supplies	4,028	3,901	4,035	4,084	4,148
Other	7,258	7,914	7,445	7,668	7,898
Private Contract	9,391	9,364	9,181	9,456	9,740
DAR	7,844	8,199	8,458	8,712	8,973
ADA Paratransit	5,898	6,402	7,650	7,880	8,116
Cook-DuPage Special Services	174	187	193	0	0
Vanpool	1,179	1,397	1,769	2,127	2,474
CMAQ	0	723	3,203	3,191	3,287
Insurance	6,136	4,500	4,374	4,505	4,640
Fuel	2,570	3,040	2,989	3,177	3,377
Utilities	1,354	1,437	1,493	1,511	1,536
Expense Adjustments	0	0	0	(3,154)	(6,221)
Total Expenses	$ 102,066	$ 105,178	$ 110,347	$ 111,157	$ 112,359
Funding Requirement	$ 65,250	$ 67,310	$ 70,880	$ 71,216	$ 71,740
Recovery Ratio	36.07%	36.00%	36.10%	36.26%	36.48%
PUBLIC FUNDING					
RTA Operating	$ 66,066	$ 66,585	$ 67,425	$ 67,921	$ 68,376
Federal CMAQ Funding	336	578	2,283	2,275	2,344
Federal Capital Funding for Maintenance	0	0	1,020	1,020	1,020
Pace Funds	0	147	152	0	0
Total Public Funding	$ 66,402	$ 67,310	$ 70,880	$ 71,216	$ 71,740
Surplus/(Deficit)	$ 1,152	$ 0	$ 0	$ 0	$ 0
FUND BALANCE					
Beginning Balance	$ 5,257	$ 6,078	$ 1,000	$ 598	$ 348
Less Obligations/Other	331	5,078	402	250	250
Ending Balance	$ 6,078	$ 1,000	$ 598	$ 348	$ 98

Pace is required (by statute) to perform a comparison and analysis of its proposed budget and Three Year Plan to the existing RTA Three Year Plan. Pace's 1997–1999 Three Year Plan, as proposed, varies from the RTA's existing Three Year Plan, adopted in December, 1995, with respect to funding for the following reasons:

- The funding requirement in 1997 has increased $1.9 million from the original plan. Revenue is up $ 732 million and operating expenses are increased by $2.631 million. This increase is primarily due to the addition of the CMAQ funded services. Adjusting the new plan figures to exclude the CMAQ program, total funding requirements are actually less than original plan levels by $ 385 million.
- The same relationship applies to operating expense. The increase in operating expenditures includes new CMAQ service levels. When these costs are excluded from total expense, base expense levels are down $ 572 million from original plan levels. The savings in base expense reflects continued efforts by Pace management to control costs, however, Pace also applied growth restrictions to the 1997 base budget in order to comply with RTA funding marks.
- Pace's recovery performance under the new plan is essentially constant at the original plan levels.

The same factors related to the CMAQ service, as noted above, also explain the increase in funding requirements for plan year 1998.

There are several major components affecting the change in funding levels between plans. First, Pace will receive a Congestion Mitigation/Air Quality (CMAQ) award to establish new service in growing markets. This will provide Pace with approximately $2.3 million annually in new funding for about three years. However, when these funds have been exhausted, other funding sources will be required in order to continue these services.

For the first time in 1997, Pace will take advantage of new Federal regulations that allow service providers the use of capital funding to cover maintenance costs. This option will generate $1.0 million in additional funding to Pace for 1997 and future years.

The new plan is also seriously impacted by reductions in RTA sales taxes. Also, Pace's share of Public Transportation Funds continue to be reduced by the RTA during a period when sales tax continues to grow.

TABLE 32. 1997-1999 THREE YEAR FINANCIAL PLAN VARIANCE FROM EXISTING RTA PLAN (000'S)

	1997	1998	1999
Funding Requirement			
RTA Plan (1996-1998)	$ 68,981	$ 70,200	*
Pace Plan (1997-1999)	70,880	71,216	71,740
Variance	$ 1,899	$ 1,016	N/A
FAVORABLE/(UNFAVORABLE) CHANGES			
Revenue			
Farebox Changes	$ 846	$ 774	
CMAQ Service Income	801	797	
Investment Income	(85)	(180)	
RTA Required Adjustments	(830)	(870)	
Total Changes in Revenue	$ 732	$ 521	
Total Changes in Expenses	$ 2,631	$ 1,537	
Total Change in Required Funding	$ 1,899	$ 1,016	
Recovery Ratio			
RTA Plan (1996-1998)	35.96%	35.96%	*
Pace Plan (1997-1999)	36.10%	36.26%	36.48%

** Note. The current RTA plan does not contain projected funding levels for FY 1999, thereby, eliminating comparability between plans. The current RTA plan (issued December 1995) identifies funding estimates for only 1996–1998.*

The following provides an estimate of Pace's revenues, expenses and cash position for operations on a monthly basis Cash flow estimates for public operating funding are included in total revenues and are based on information provided by the RTA.

The amount of cash remaining at year-end will differ from Pace's projected 1997 fund balance as a result of timing differences in the disbursement of public funds from the RTA

Capital grant expenditures are funded on a draw down basis from the grantors and are not held by Pace for more than a few days They are, therefore, excluded from this cash flow

TABLE 33. PROJECTED CASH FLOW*—1997 (000'S)

	Beginning Balance	Revenues	Expenses	Net Results	Ending Balance
January	$ 1,000	$ 8,949	$ 9,197	$ (248)	$ 752
February	752	8,977	9,199	(222)	531
March	531	10,232	9,203	1,029	1,560
April	1,560	9,986	9,207	779	2,339
May	2,339	8,485	9,211	(726)	1,613
June	1,613	8,844	9,215	(371)	1,243
July	1,243	9,032	9,219	(187)	1,056
Aug	1,056	9,251	9,223	28	1,084
September	1,084	9,399	9,226	173	1,257
October	1,257	9,113	9,230	(117)	1,141
November	1,141	8,919	9,232	(313)	828
December	828	9,012	9,234	(222)	606

** Excludes restricted fund cash reserves held for insurance claims and capital commitments, as well as payouts for capital obligations funded with positive budget variance (PBV)*

1997 Pace Budget

The 1997 operating and capital program and 1997-1999 financial plan and 1997-2001 capital plan as presented represents a comprehensive view of the entire Pace system and the issues it faces over the next several years. Immediate actions are identified to address the $3.4 million shortfall in RTA funding for 1997. Pace has made every effort to address this shortfall while minimizing the impact on our customers. Of the $3.4 million, approximately $.5 million of corrective actions will have a direct impact on customers. The next several years are going to be extremely difficult from a financial standpoint as we face shortages in both operating and capital funding. Pace will do everything within its power to maximize its effectiveness within available resources. Ultimately, however, the level of service provided is a public policy decision reflected by the allocation of funds to Pace

1995 Actual Program, Activity and Object Matrix

	Pace Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride
REVENUE				
Farebox	$22,354,590	$ 641,045	$ 3,000,621	$ 1,035,747
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Other	251,247	0	104,360	2,931,343
Total Revenue	$22,605,837	$ 641,045	$ 3,104,981	$ 3,967,090
OPERATING EXPENSES				
Operations				
Labor/Fringes	$33,832,885	$ 1,053,698	$ 0	$ 0
Parts/Supplies	32,340	1,300	0	0
Purchased Transportation/Other	175,568	14,762	9,391,373	6,677,490
Total Operations	$34,040,793	$ 1,069,760	$ 9,391,373	$ 6,677,490
Vehicle Maintenance				
Labor/Fringes	$ 8,410,463	$ 230,245	$ 0	$ 0
Parts/Supplies	2,250,450	64,978	0	0
Fuel	0	0	0	0
Other	92,066	43,422	0	472,293
Total Vehicle Maintenance	$10,752,979	$ 338,645	$ 0	$ 472,293
Non-Vehicle Maintenance				
Labor/Fringes	$ 579,698	$ 0	$ 0	$ 0
Parts/Supplies	291,399	0	0	0
Other	517,378	0	0	0
Total Non-Vehicle Maintenance	$ 1,388,475	$ 0	$ 0	$ 0
General Administration				
Labor/Fringes	$ 1,490,793	$ 201,009	$ 0	$ 0
Parts/Supplies	79,968	0	0	0
Utilities	1,218,858	403	0	0
Insurance	0	0	0	0
Other	786,949	29,352	0	694,633
Total Administration	$ 3,576,568	$ 230,764	$ 0	$ 694,633
Total Expenses	$49,758,815	$ 1,639,169	$ 9,391,373	$ 7,844,416
Funding Requirement	$27,152,978	$ 988,124	$ 6,286,392	$ 3,877,326
Recovery Ratio	45.43%	39.11%	33.06%	50.57%

ADA Paratransit Services	Cook-DuPage Special Services	Vanpool	Centralized Support	Administration	1995 Actual Total
$ 380,189	$ 37,621	$ 1,023,590	$ 0	$ 0	$ 28,473,500
0	0	0	0	2,051,978	2,051,978
0	0	0	0	1,064,080	1,064,080
0	0	0	0	1,939,330	5,226,280
$ 380,189	$ 37,718	$ 1,023,590	$ 0	$ 5,055,388	$ 36,815,838
$ 0	$ 0	$ 0	$ 1,882,123	$ 0	$ 36,768,706
0	0	0	0	0	33,640
5,898,053	173,917	1,179,050	0	0	23,510,213
$5,898,053	$ 173,917	$ 1,179,050	$ 1,882,123	$ 0	$ 60,312,559
$ 0	$ 0	$ 0	$ 1,888,878	$ 0	$ 10,529,586
0	0	0	1,034,963	0	3,350,391
0	0	0	2,570,216	0	2,570,216
0	0	0	325,162	0	932,943
$ 0	$ 0	$ 0	$ 5,819,219	$ 0	$ 17,383,136
$ 0	$ 0	$ 0	$ 0	$ 0	$ 579,698
0	0	0	0	0	291,399
0	0	0	139,876	127,388	784,642
$ 0	$ 0	$ 0	$ 139,876	$ 127,388	$ 1,655,739
$ 0	$ 0	$ 0	$ 0	$ 6,662,255	$ 8,354,057
0	0	0	0	273,493	353,461
0	0	0	0	134,619	1,353,880
0	0	0	6,136,398	0	6,136,398
0	0	0	2,544,451	2,461,255	6,516,640
$ 0	$ 0	$ 0	$ 8,680,849	$ 9,531,622	$ 22,714,436
$5,898,053	$ 173,917	$ 1,179,050	$ 16,522,067	$ 9,659,010	$ 102,065,870
$5,517,864	$ 136,296	$ 155,460	16,522,067	$ 4,603,622	$ 65,250,032
6.45%	21.63%	86.81%	0.00%	52.34%	36.07

1996 Estimated Program, Activity and Object Matrix

	Pace Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride
REVENUE				
Farebox	$22,952,996	$ 699,033	$ 2,932,419	$ 1,078,441
Half-Fare Reimbursements	0	0	0	0
Advertising Revenue	0	0	0	0
Other	255,504	687	94,302	3,086,387
Total Revenue	$23,208,500	$ 699,720	$ 3,026,721	$ 4,164,828
OPERATING EXPENSES				
Operations				
Labor/Fringes	$34,472,030	$ 1,094,787	$ 0	$ 0
Parts/Supplies	63,317	1,613	0	0
Purchased Transportation/Other	162,436	15,089	9,364,141	6,966,047
Total Operations	$34,697,783	$ 1,111,489	$ 9,364,141	$ 6,966,047
Vehicle Maintenance				
Labor/Fringes	$ 9,110,284	$ 239,252	$ 0	$ 0
Parts/Supplies	2,129,991	72,320	0	0
Fuel	0	0	0	0
Other	60,278	44,576	0	481,148
Total Vehicle Maintenance	$11,300,553	$ 356,148	$ 0	$ 481,148
Non-Vehicle Maintenance				
Labor/Fringes	$ 580,267	$ 0	$ 0	$ 0
Parts/Supplies	287,878	0	0	0
Other	515,351	0	0	0
Total Non-Vehicle Maintenance	$ 1,383,496	$ 0	$ 0	$ 0
General Administration				
Labor/Fringes	$ 1,594,309	$ 195,924	$ 0	$ 0
Parts/Supplies	101,938	105	0	0
Utilities	1,285,000	809	0	0
Insurance	0	0	0	0
Other	837,152	2,858	0	751,930
Total Administration	$ 3,818,399	$ 199,696	$ 0	$ 751,930
Total Expenses	$51,200,231	$ 1,667,333	$ 9,364,141	$ 8,199,125
Funding Requirement	$27,991,731	$ 967,613	$ 6,337,420	$ 4,034,297
Recovery Ratio	45.33%	41.97%	32.32%	50.80%

ADA Paratransit Services	Cook-DuPage Special Services	Vanpool	CMAQ	Centralized Support	Administration	1996 Estimated Total
$ 501,660	$ 40,000	$ 1,372,829	$ 144,616	$ 0	$ 0	$ 29,722,294
0	0	0	0	0	1,780,000	1,780,000
0	0	0	0	0	1,000,000	1,000,000
0	0	0	0	0	1,927,976	5,364,856
$ 501,660	$ 40,000	$ 1,372,829	$ 144,616	$ 0	$ 4,707,976	$ 37,867,150
$ 0	$ 0	$ 0	$ 723,084	$ 1,950,310	$ 0	$ 38,240,211
0	0	0	0	0	0	64,930
6,401,610	187,000	1,397,364	0	0	0	24,493,687
$6,401,610	$ 187,000	$ 1,397,364	$ 723,084	$ 1,950,310	$ 0	$ 62,798,828
$ 0	$ 0	$ 0	$ 0	$ 1,988,277	$ 0	$ 11,337,813
0	0	0	0	968,607	0	3,170,918
0	0	0	0	3,040,000	0	3,040,000
0	0	0	0	434,620	0	1,020,622
$ 0	$ 0	$ 0	$ 0	$ 6,431,504	$ 0	$ 18,569,353
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 580,267
0	0	0	0	0	0	287,878
0	0	0	0	145,000	144,856	805,207
$ 0	$ 0	$ 0	$ 0	$ 145,000	$ 144,856	$ 1,673,352
$ 0	$ 0	$ 0	$ 0	$ 0	$ 6,889,296	$ 8,679,529
0	0	0	0	0	275,121	377,164
0	0	0	0	0	151,295	1,437,104
0	0	0	0	4,500,000	0	4,500,000
0	0	0	0	2,521,591	3,030,341	7,143,872
$ 0	$ 0	$ 0	$ 0	$ 7,021,591	$ 10,346,053	$ 22,135,669
$6,401,610	$ 187,000	$ 1,397,364	$ 723,084	$ 15,548,405	$ 10,490,909	$ 105,179,202
$5,899,950	$ 147,000	$ 24,535	$ 578,468	$ 15,548,405	$ 5,782,933	$ 67,312,052
7.84%	21.39%	98.24%	20.00%	0.00%	44.88%	36.00%

1997 Proposed Program, Activity and Object Matrix

	Pace Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride
REVENUE				
Farebox	$23,182,222	$ 699,033	$ 2,961,743	$ 1,087,771
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Other	258,060	687	95,245	3,283,148
Total Revenue	$23,440,282	$ 699,720	$ 3,056,988	$ 4,370,919
OPERATING EXPENSES				
Operations				
Labor/Fringes	$35,320,593	$ 1,135,948	$ 0	$ 0
Parts/Supplies	41,322	800	0	0
Purchased Transportation/Other	191,650	14,000	9,180,608	7,173,131
Total Operations	$35,553,565	$ 1,150,748	$ 9,180,608	$ 7,173,131
Vehicle Maintenance				
Labor/Fringes	$ 9,138,555	$ 228,943	$ 0	$ 0
Parts/Supplies	2,312,383	68,042	0	0
Fuel	0	0	0	0
Other	71,432	38,937	0	500,793
Total Vehicle Maintenance	$11,522,370	$ 335,922	$ 0	$ 500,793
Non-Vehicle Maintenance				
Labor/Fringes	$ 717,414	$ 0	$ 0	$ 0
Parts/Supplies	270,000	0	0	0
Other	533,700	0	0	0
Total Non-Vehicle Maintenance	$ 1,521,114	$ 0	$ 0	$ 0
General Administration				
Labor/Fringes	$ 1,589,636	$ 199,597	$ 0	$ 0
Parts/Supplies	91,592	150	0	0
Utilities	1,340,951	500	0	0
Insurance	0	0	0	0
Other	596,407	2,369	0	784,228
Total Administration	$ 3,618,586	$ 202,616	$ 0	$ 784,228
Total Expenses	$52,215,635	$ 1,689,286	$ 9,180,608	$ 8,458,152
Funding Requirement	$28,775,353	$ 989,566	$ 6,123,620	$ 4,087,233
Recovery Ratio	44.89%	41.42%	33.30%	51.68%

ADA Paratransit Services	Cook-DuPage Special Services	Vanpool	CMAQ	Centralized Support	Administration	1997 Budget Total
$ 816,000	$ 41,202	$ 1,689,994	$ 919,000	$ 0	$ 0	$ 31,396,965
0	0	0	0	0	1,780,000	1,780,000
0	0	0	0	0	1,050,001	1,050,001
0	0	0	0	0	1,601,935	5,239,075
$ 816,000	$ 41,202	$ 1,689,994	$ 919,000	$ 0	$ 3,381,935	$ 39,466,041
$ 0	$ 0	$ 0	$ 3,203,000	$ 1,968,846	$ 0	$ 41,628,387
0	0	0	0	0	0	42,122
7,650,000	192,714	1,769,308	0	0	0	26,171,411
$7,650,000	$ 192,714	$ 1,769,308	$ 3,203,000	$ 1,968,846	$ 0	$ 67,841,920
$ 0	$ 0	$ 0	$ 0	$ 2,047,360	$ 0	$ 11,414,858
0	0	0	0	972,157	0	3,352,582
0	0	0	0	2,989,000	0	2,989,000
0	0	0	0	337,260	0	948,422
$ 0	$ 0	$ 0	$ 0	$ 6,345,777	$ 0	$ 18,704,862
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 717,414
0	0	0	0	0	0	270,000
0	0	0	0	$ 145,000	140,445	819,145
$ 0	$ 0	$ 0	$ 0	$ 145,000	$ 140,445	$ 1,806,559
$ 0	$ 0	$ 0	$ 0	$ 0	$ 7,211,626	$ 9,000,859
0	0	0	0	0	278,319	370,061
0	0	0	0	0	151,295	1,492,746
0	0	0	0	4,373,706	0	4,373,706
0	0	0	0	2,613,356	2,759,810	6,756,170
$ 0	$ 0	$ 0	$ 0	$ 6,987,062	$ 10,401,050	$ 21,993,542
$7,650,000	$ 192,714	$ 1,769,308	$ 3,203,000	$ 15,446,685	$ 10,541,495	$ 110,346,883
$6,834,000	$ 151,512	$ 79,314	$ 2,284,000	$ 15,446,685	$ 6,109,559	$ 70,880,842
10.67%	21.38%	95.52%	28.69%	0.00%	42.04%	36.10%

The RTA Act which governs Pace's existence contains specific language describing both the budget process and RTA review criteria

THE BUDGET PROCESS

By September 15, the RTA is to advise Pace and the other Service Boards (CTA and Metra) of the amounts and timing for the provision of public funding via the RTA for the coming and two following fiscal years. At the same time, the RTA is to advise Pace, CTA and Metra of their required system generated recovery ratio for the coming fiscal year. In establishing the recovery ratio requirement, the RTA is to take into consideration the historical system generated recovery ratio for the services subject to each Service Board. The RTA is not to increase the recovery ratio for a Service Board disproportionately or prejudicially to increases in the ratio for the other Service Boards.

To facilitate the RTA action by September 15, Pace and the other Service Boards submit a draft budget and financial plan to the RTA for their review in August. The August submittal is not required by law but serves to improve the budget process by allowing the RTA to consider up-to-date forecasts and projections prior to making their September 15 decision on funding levels and recovery rate requirements.

By November 15, Pace is required to submit a budget proposal to the RTA for the coming fiscal year and a financial plan for the two following years which is consistent with the recovery ratio and funding marks established by the RTA in September.

Prior to submitting a budget and financial plan to the RTA, Pace is required to prepare and publish a comprehensive budget and program document (as represented by this document) and hold at least one public hearing on the budget in each of the six counties. Due to its large size, Pace typically holds three public hearings in Cook County. A schedule of the public hearings is contained in appendix C of this document. Public notice of the hearings is run in several widely distributed newspapers throughout the service area. In addition, Pace is to meet with each of the six county boards to review the proposed budget and program. Above and beyond these required meetings, Pace participates in numerous meetings of local government organizations and councils such as CATS (Chicago Area Transportation Study) and various transportation committees (TMA's, business chambers) to inform the public of the proposed budget and program. Over 2,000 copies of this proposed budget document are printed and distributed to elected officials, local governments, transportation interests, public libraries and citizens.

At the conclusion of these meetings and hearings, the Pace Board meets to evaluate the input gained, make recommendations for changes to the proposed budget as necessary, and then adopts a final program and budget by ordinance. This action is taken prior to the submittal of the budget and program to RTA by November 15.

Once the final program and budget is submitted to the RTA, the RTA is required to evaluate it in accordance with six key criteria as established in the RTA Act

- The budget and plan must show a balance between (a) anticipated revenues from all sources including operating subsidies and (b) the costs of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness
- The budget and plan must show cash balances including the proceeds of any anticipated cash flow borrowing sufficient to pay with reasonable promptness all costs and expenses as incurred
- The budget and plan must provide for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of the Service Board sufficient to allow the Service Board to meet its required system-generated recovery ratio
- The budget and plan are based upon and employ assumptions and projections which are reasonable and prudent
- The budget and plan must have been prepared in accordance with sound financial practices as determined by the Board
- The budget and financial plan must meet such other financial, budgetary, or fiscal requirements that the Board may by rule or regulation establish

If the RTA finds a Service Board budget submittal does not meet these criteria, it can withhold public funding (other than formula sales tax proceeds) from the Service Board. The RTA Act further requires that the RTA adopt a budget for the Service Board within five days of the start of the fiscal year should the Service Board fail to submit a budget which meets the criteria.

Once the RTA has evaluated the budget submittals of Pace and the Service Boards, they then consolidate the information along with their own regional budget and plan information.

The consolidated regional budget must also achieve certain criteria. Chief among them is the requirement for the consolidated budget to cover 50% of its operating costs from fares and other operating revenues. This is considered the regional recovery rate requirement. The RTA also meets with each county board and holds public hearings in each county on the consolidated regional budget and plan. At the conclusion of these meetings and hearings, the RTA adopts a final budget and plan which requires the approval of nine of the RTA's thirteen directors. The RTA Act requires that the RTA is to adopt the consolidated regional budget no later than December 31 for presentation to the Governor and General Assembly.

The Pace Board may make additional appropriations, transfers between line items and other changes to its budget at any time as long as the changes do not alter the basis upon which the RTA made its balanced budget determination. Budget amendments are made from time to time by the Pace Board and are generally accomplished by revision to the annual appropriations ordinance. In the event a budget revision results in a general increase or a significant reduction of service, the Pace Board will also conduct public hearings in the affected areas.

Budget amendments which do not impact the RTA balanced budget determination basis are provided to the RTA for information purposes. The RTA may also initiate the need for a budget amendment by Pace or another Service Board if it determines such an amendment is necessary. Generally, this would only occur if a Service Board failed to achieve its budgeted recovery ratio and/or exceeded its public funding allocation, in which case the RTA can direct the Service Board to submit an amended budget within a specified time frame. Additionally, the RTA may require the Service Boards to submit amended budgets to reflect a revision to public funding or the recovery ratio as deemed necessary by the RTA. The Service Boards have thirty days from date of notice to submit a revision. There are no public hearing requirements for budget amendments which do not affect fares or services.

Pace's operating budget is prepared in a manner consistent with Pace's financial statements which are prepared on the accrual basis of accounting for a proprietary (enterprise) fund type. Pace maintains a chart of accounts consistent with the Federal Transit Administration's Section 15 based financial reporting requirements. In general, these accounts are established by activity type (i.e., labor, materials and other) for four main expense object areas—operations, maintenance, non-vehicle maintenance, and administration. Further segregation of accounts is used to identify activities by object class for individual service programs (i.e., vanpool, Dial-a-Ride, etc.).

Pace has no outstanding debt. Pace does not have statutory authority to independently issue debt, but may direct the RTA to issue up to $5.0 million in working cash notes on its behalf. Pace has never exercised this option.

Pace
Suburban Bus Division of the RTA
Public Hearings on Pace's Proposed 1997
Operating and Capital Program,
1997–1999 Financial Plan,
1997–2001 Capital Plan,
and Strategic Plan Summary

Notice is hereby given that Pace, the Suburban Bus Division of the Regional Transportation Authority, will hold public hearings on its proposed program and budget for the year 1997 (January 1, 1997 through December 31, 1997), the financial plan for 1997–1999, the capital plan for 1997–2001, and the strategic plan summary.

Any person wishing to comment on the proposed budget may present views orally at the public hearings or by submitting written material on or before the last date of the hearings, November 2, 1996. Copies of the proposed program, budget and strategic plan summary are available for public inspection at

Pace
550 West Algonquin Road
Arlington Heights, Illinois 60005

Individuals with disabilities who plan to attend a meeting and who require certain accommodations other than transportation in order to allow them to observe and/or participate in this meeting are requested to contact the Pace ADA Compliance Manager at 847/228-2464 (voice) or 847/364-5093 (TDD) ten days prior to the scheduled meeting.

The documents will be available at most public libraries, as well as township, city and village offices in the six county Pace region.

October 9, 1996

Pace will hold public hearings on its proposed budget at the following locations and the public is invited to attend and provide comment

Hearing Location	Date	Time
DuPage County Public Hearing Village of Villa Park Council Chambers 20 South Ardmore Villa Park	Thursday October 31, 1996	4 30 - 6 30 p m
McHenry County Public Hearing McHenry County Courthouse Room C290 2200 N Seminary Woodstock	Thursday October 31, 1996	4 30 - 6 30 p m
Will County Public Hearing Joliet Municipal Building East Wing Conference Room 150 W Jefferson Street Joliet	Thursday October 31, 1996	4 30 - 6 30 p m
Kane County Public Hearing Kane County Government Center County Board Room 719 Batavia Street Geneva	Friday November 1, 1996	4 30 - 6 30 p m
Lake County Public Hearing Lake County Courthouse 18 N County Street Waukegan	Friday November 1, 1996	4 30 - 6 30 p m
North Cook County Public Hearing Des Plaines Civic Center 1420 Miner Street Des Plaines	Saturday November 2, 1996	10 00 - 11 30 a m
South Cook County Public Hearing Markham Village Hall 16313 Kedzie Parkway Markham	Saturday November 2, 1996	10 00 - 11 30 a m
West Cook County Public Hearing Forest Park Village Hall 517 Desplaines Avenue Forest Park	Saturday November 2 1996	10 00 - 11 30 a m

administration expense Expense of labor, materials, and fees associated with general office functions, insurance, safety, legal services, and customer services

capital budget The appropriation of State and Federal grants for improvements to facilities and other infrastructure.

cost per mile Operating expense divided by vehicle miles for a particular program or in total

cost per passenger Operating expense divided by ridership for a particular program or in total.

deficit The excess of expense over revenue.

farebox revenue Revenues gained from passengers and local, employer and other fare subsidies exclusive of the State Half-fare subsidy program Also excludes interest income and advertising revenues

fares The amount charged to passengers for use of various services

fringes (fringe benefit expense) Pay or expense to or on behalf of employees not for performance of their work, including sick pay, vacation pay, pension contributions, life and health insurance, unemployment and workmen's compensation, social security costs and other allowances

full-time equivalent position (FTE) A position (or positions) that total 2,080 hours of annual service.

funding formula A specific formula used to determine a subsidy level

labor expense The cost of wages and salaries (including overtime) to employees for performance of their work.

maintenance expense Expense of labor, materials, services, and equipment used to repair and service transit vehicles and service vehicles including all fuels for vehicle propulsion.

non-vehicle maintenance expense Expense of labor, materials, services, and equipment used to repair and service way and structures, vehicle movement control systems, fare collection equipment, communication systems, buildings and grounds and equipment other than transit vehicles.

operating assistance Financial assistance for transit operations (not capital expenditures) Such aid may originate with federal, local or state governments

operating budget The planning of revenues and expenses for a given period of time to maintain daily operations

operations expense Expense for labor, materials, fees and rents required for operating transit vehicles and passenger stations except electric propulsion power

performance measure Information collected to determine how efficient a route is operating

private contract services Expense of labor, materials, and fees paid to companies or organizations providing transit service under contract to Pace Also known as purchased transportation

program (noun) Refers to groupings of expense accounts of similar activities or objects of expenditures (i e , operations, maintenance, administration, or vanpool, dial-a-ride, as well as capital programs)

program (verb) To commit funds, for a given capital purpose, without necessarily appropriating these funds for expenditure When the RTA approves Pace's capital budget, certain funds will be "programmed" so that they may be obligated (i.e., contracts signed) during the upcoming year, these funds may be expended during future years, not necessarily in the upcoming year

purchased transportation Expense of labor, materials, and fees paid to companies or organizations providing transit service under contract to Pace.

recovery ratio (recovery rate) In total, equals system generated revenues divided by total operating expenses or can be calculated for a particular program This ratio is calculated for each of the Service Boards and for the RTA region as a whole The RTA Act mandates that the RTA region must attain a recovery ratio of at least 50% for a given year

services (purchased service) Services performed by outside organizations for a fee. Purchased transportation is considered a purchased service

subsidy Funds received from another source which are used to cover the cost of a service or program that is not self-supporting

system generated revenue (total operating revenue) The total revenue generated from operations includes farebox revenues, local subsidies, state fare subsidies, advertising, interest and all other income. Excludes RTA and Federal subsidies

total operating expense The sum of "vehicle operations," "vehicle maintenance," "non-vehicle maintenance," and "general administration" expense categories

ADA The Americans with Disabilities Act of 1990 Transit systems are required to offer accessible mainline services and complementary ADA paratransit services by the Act and were given until January, 1997 to achieve full compliance

ADA paratransit service Non-fixed route (paratransit) service utilizing vans and small buses to provide pre-arranged trips to and from specific locations within the ADA service area to certified participants in the program

Cook-DuPage Special Service Non-fixed route (paratransit) service utilizing vans and small buses to provide pre-arranged trips to and from specific locations beyond the ADA service area in Cook and DuPage counties to certified participants in the program

CTA The Chicago Transit Authority, created by state legislation, began operations in 1947 Operates bus and Rapid Transit service in the City and several suburbs

Dial-a-Ride service (D-A-R) Non-fixed route (paratransit) service utilizing vans and small buses to provide pre-arranged trips to and from specific locations within the Dial-a-Ride service area to individuals deemed eligible based on local requirements

express bus (or route) A suburban or intercity bus that operates a portion of the route without stops or with a limited number of stops

fixed route service Pace service provided on a regularly scheduled basis along a specific route with vehicles stopping to pick up and discharge passengers along the route.

full size bus A bus from 35 to 41 feet in length

medium size bus A bus from 29 to 34 feet in length.

Metra The Commuter Rail Division of the RTA. Created in 1983 by amendment to the RTA Act to operate and oversee commuter rail operations in Northeastern Illinois

Pace The Suburban Bus Division of the RTA Created in 1983 by amendment to the RTA Act, responsible for all non-rail suburban public transit service with the exception of those services provided by CTA

paratransit service A generic term used to describe non-fixed route service utilizing vans or buses to provide pre-arranged trips within the system service area

ridership (unlinked passenger trips) The number of transit vehicle boardings Each passenger counted each time that person boards a vehicle

rolling stock Public transportation vehicles which, for Pace, include all buses and vans

service board A reference to the region's transit operators—CTA, Metra and Pace

small bus A bus 28 feet or less in length

Special Service Another name for "Paratransit Service "

subscription bus A Pace service program which provides regular daily express bus service to 30 or more individuals with guaranteed seating that is open to the general public

total vehicle miles Sum of all miles operated by passenger vehicles, including mileage when no passengers are carried

van A 20-foot long or shorter vehicle, usually with an automotive-type engine and limited seating normally entered directly through side or rear doors rather than from a central aisle, used for demand response and vanpool service

vanpool Pace's VIP (Vanpool Incentive Program) - a group of 5 to 15 people who commute to and from work together in a Pace-owned van

wheelchair accessible vehicle (accessible vehicle) A vehicle that a wheelchair-bound person may enter either 1) via an on-board retractable lift or ramp, 2) directly from a station platform reached by an elevator or a ramp that is either level with the vehicle floor or can be raised to floor level

CMAQ (Congestion Mitigation/Air Quality Grant) A federal grant program designed to support transportation projects which reduce traffic congestion and improve air quality

Discretionary funds Funds which the RTA allocates, at its discretion, to the service boards These funds include the 15% of the RTA sales tax and PTF

FTA (Federal Transit Administration) FTA generally provides funding for operations (operating assistance) and capital There are several federal programs that provide funding for transit Section 9 funds and CMAQ (Congestion Mitigation/Air Quality Improvement) funds are available for capital and operating purposes. Section 3, Surface Transportation and Interstate Transfer funds, are available for capital only

fund balance The excess of funding over deficit for a given period of time

grants Monies received from local, Federal and State governments to provide capital or operating assistance

Positive Budget Variance (PBV) The amount by which a Service Board comes in favorable to available funding from RTA in a given budget year RTA policy allows the service boards to retain these funds in an unrestricted fund balance which can be used for capital projects or one time operating expenses

Public Transportation Fund (PTF) An operating subsidy from the State of Illinois equivalent to 25% of the RTA sales tax collected RTA is required to allocate these funds to the service boards, although the basis is at their discretion (Also known along with 15% sales taxes, as discretionary funds)

RTA sales tax A sales tax of 1% in Cook County and 1/4% in the collar counties of DuPage, Kane, Lake, McHenry and Will

- 85% of the sales tax is fully distributed to the service boards by the RTA according to formulas established by the RTA Act (also known as formula funds or 85% funds)
- 15% of the sales tax is retained by the RTA and distributed to the service boards at its discretion (also known as discretionary funds).

unreserved fund balance The portion of fund balance that is not already programmed into the budget and is available for appropriation

Reference

Background data on Pace and its market are provided below:

Market Data

1990 Suburban Population	4,454,317	
1990 Chicago Population	2,783,726	
1990 Suburban Employment	2,163,660	
1990 Chicago Employment	1,376,730	
Suburban Population Density	1,293	per sq. mile
Suburban Employment Density	651	per sq. mile
Suburban Employers (over 100 employees)	3,600	

Fixed Route Service

Number of Fixed Routes	233	
Number of Accessible Routes	101	
Peak Period Vehicle Requirements	576	
Pace-owned Fleet Size	587	
Number Accessible	361	
Average Vehicle Age	5.5	years
Contractor Owned Vehicles in Pace service	119	
Number of Private Contractors	10	
Number of Pace-owned Garages	9	
Number of Pace Municipal Contractors	3	

Paratransit

Number of Communities Served	210	
Number of Local Dial-A-Ride Projects	53	
Number of ADA Service Projects	12	
Pace-owned Fleet Size	372	
Average Vehicle Age	2.6	years

Other

Number of Pace Employees (FTE's)	1,292
Vanpools in Operation (Sept. 1996)	233

1996 Ridership (Estimated)

	Total	Average Daily
Fixed Route	35,121,390	122,695
Paratransit	1,702,838	6,704
Vanpool	1,228,000	4,835
CMAQ	181,880	716
Total	38,234,108	134,950

1996 Revenue Miles (Estimated)

	Total
Fixed Route	22,570,189
Paratransit	8,127,100
Vanpool	4,393,925
CMAQ	245,310
Total	35,336,524

TRENDS

	Passengers	% Change
1987	35,569,400	-1.4%
1988	36,708,025	3.2%
1989	37,864,058	3.1%
1990	40,309,915	6.5%
1991	40,548,871	6%
1992	39,350,379	-3.0%
1993	38,269,694	-2.7%
1994	38,562,214	8%
1995	37,177,012	-3.6%
1996 Estimate	38,234,108	2.8%

	Vehicle Miles	% Change
1987	22,894,332	5.2%
1988	23,886,026	4.3%
1989	24,662,539	3.3%
1990	26,674,737	8.2%
1991	27,784,320	4.2%
1992	29,963,152	7.8%
1993	31,729,977	5.9%
1994	32,123,468	1.2%
1995	34,064,066	6.1%
1996 (Estimate)	35,336,324	3.7%

	Recovery Rate	% Change
1987	32.49%	1.3%
1988	31.78%	-2.2%
1989	32.83%	3.3%
1990*	38.01%	15.8%
1991	36.46%	-4.1%
1992	36.31%	-0.4%
1993	36.41%	3%
1994	36.33%	-.2%
1995	36.07%	-.7%
1996 Estimate	36.00%	-.2%

** State half-fare program begins*

	Cost Per Mile	% Change
1987	$2.84	0.7%
1988	$2.91	2.5%
1989	$2.96	1.7%
1990	$2.89	-2.4%
1991	$2.93	1.4%
1992	$2.96	1.0%
1993	$2.91	-1.7%
1994	$2.99	2.7%
1995	$3.00	3%
1996 Estimate	$2.97	-1.0%

	Cost Per Passenger	% Change
1987	$1.80	2.6%
1988	$1.94	7.7%
1989	$1.95	0.5%
1990	$1.93	-1.0%
1991	$2.04	5.5%
1992	$2.26	11.1%
1993	$2.41	6.6%
1994	$2.49	3.3%
1995	$2.74	10.0%
1996 Estimate	$2.75	4%

	Subsidy Per Trip	% Change
1987	$1.21	2.1%
1988	$1.32	9.1%
1989	$1.32	0%
1990	$1.20	-9.1%
1991	$1.29	7.5%
1992	$1.44	11.6%
1993	$1.53	6.3%
1994	$1.59	3.9%
1995	$1.76	10.7%
1996 Estimate	$1.85	5.1

As discussed in the 1997 Operating budget issues section of this document, Pace has identified the need to reduce service as part of the budget balancing efforts for 1997. The proposed reductions presented in this appendix represent routes that are marginal from a performance standpoint. Performance indicators show that all of these routes have a recovery ratio of less than 16% and/or have ridership that is less than 42 trips per day. Elimination of these services will save Pace $273,000 in 1997.

Proposed Service Reductions

Route No.	Days Affected	Route Description	County	Savings
725-8	Weekday Service	Barrington-Lake Zurich—Rush hour feeder service from Lake Zurich to Barrington and reverse trips from Barrington to Lake Zurich Industrial area	Cook/Lake	$ 41,500
604	Weekday Service	Springinsguth-Schaumburg—Rush hour feeder service from eastern Streamwood and western Schaumburg to the Schaumburg Metra Station	Cook/DuPage	$ 30,500
506	Saturday Service	East Washington-New Lenox—Service between Joliet and New Lenox along Washington Street. The route serves Joliet Central, Providence High School and the Joliet Metra Station.	Will	$ 11,200
454	Weekday Service	Northwest Homewood—Rush hour feeder service from the northwest area of Homewood, Country Club Hills and Hazel Crest to the Homewood CBD and Metra Station	Cook	$ 29,000
790	Weekday Service	Warrenville/Country Lakes—Rush hour feeder service from Rt. 59 Station in Naperville/Aurora	DuPage	$ 49,800
740	Weekday Service	Oak Forest—Rush hour feeder service from Oak Forest to the Oak Forest Metra Station	Cook	$ 32,500
702	Weekday Service	Rush hour feeder service between Yorktown Shopping Center and the Villa Park Metra Station. Reverse trips are also provided.	DuPage	$ 41,500
453	Weekday Service	Southwest Homewood—Rush hour feeder service from the southwest area of Homewood, Hazel Crest and Flossmoor to the Homewood Metra Station	Cook	$ 37,000
			Total	$ 273,000

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